



S P E E D

Support for Private Enterprise Expansion & Development

**Monitoring and Evaluation Report
January to June 2003**

Submitted by:

Chemonics International Inc.

In collaboration with:

**Crimson Capital Corporation, Inc.
J.E. Austin Associates, Inc.**

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TABLE OF CONTENTS

Table of Exhibits.....	2
Executive Summary.....	3
Section I. Introduction.....	7
A. Overview of SPEED.....	7
B. Institutional Environment.....	7
Section II. SPEED Results.....	10
A. Project Level Impact.....	10
B. Financial Services.....	12
KRA 1: Small, and Medium Enterprise Financing Increased.....	10
KRA 2: Microfinance Institutions Commercialized	22
KRA 3: Agricultural Finance Increased	31
C. Business Capacity.....	32
KRA 1: Subsector Business Opportunities Expanded.....	33
KRA 2: Capacity to Support Business Growth Increased.....	42
D. Business Environment	49
KRA 1: Financial and Business Environment Improved.....	50
E. PROGRAM MANAGEMENT.....	54
KRA 1: Program Operations Coordinated and Enhanced.....	54
KRA 2: Effective Project Management and Financial Administration Maintained.....	55
Annex Detailed Tables of Indicators	58

Table of Exhibits

Exhibit 1: Strategic Objective Indicators.....10

Exhibit 2: Financial Services Indicators12

Exhibit 3: Business Capacity Indicators32

Exhibit 4: Business Environment Indicators49

Executive Summary

SPEED — Support for Private Enterprise Expansion and Development — reached June 30, 2003 with significant accomplishments in all components— business capacity, financial services, and business environment. Each of the three technical components are implementing successful, popular, dynamic, market-driven programs that increase project impacts and contribute to growing the national economy through enterprise expansion and development.

Some of the key results during the past six months include:

- Employment of SPEED's partners increased project-to-date from 421,034 to 728,782, an increase of 307,748, or 73%.
- SPEED financial services partners — MFIs and commercial banks — increased their number of rural clients from 325,392 to 477,034 project-to-date, an increase of 151,642, or 47%.
- Increased SPEED-partner loans to the “missing middle” by over US\$ 59.5 million, or 172% project-to-date
- As of June 30, 2003, the seven banks under the USAID DCA Guarantee Program had placed 65 loans amounting to US\$11.5 million. Six of these loans were made to microfinance institutions. *47% of the DCA loans were made in the agriculture sector – this compares to the average commercial bank loan portfolio, which has only 5-15% in the agricultural sector.*
- The total of leases approved at the three SPEED-supported DFCU rural leasing centers reached 140, valued at US\$4,102,064, at an average value of US\$29,300.
- SPEED's advocacy for the lighter supervision of non-deposit taking leasing companies led to success in June 2003 when the Supervision Department of Bank of Uganda (BOU) notified DFCU Leasing that it would not be directly supervised because its immediate parent – DFCU Limited – was not itself supervised by BOU.
- A report on impact analysis of transferring capital allowances on finance leases from lessees to lessors was submitted to the Ministry of Finance, Planning and Economic Development (MOFPED) in May 2003. The objective of the study was to determine the costs and benefits of this transfer and to demonstrate that Uganda should follow the international best practice of allowing leasing companies to claim the capital allowances. Since leasing is virtually the only source of medium-term finance for SMEs in Uganda, a rapid expansion of leasing would be good for the economy. SPEED is currently assisting MOFPED to gain acceptance of the recommendations in the report.
- SPEED successfully completed the pilot phase of the Post-Approval Loan Review (PALR) Mentorship Program for loan officers in three banks - Allied Bank, Centenary Bank, and DFCU Bank – under which 62 loans were reviewed.

- SPEED issued an RFP to six banks seeking proposals for technical assistance directed at products and services which have the potential to increase loans to SMEs in the range of UGX 3 million to UGX 425 million.
- SPEED prepared draft amendments to the Operations Manual and the Master Guarantee Agreements together with new Operating Guidelines for the BOU administered Export Credit Guarantee Scheme (ECGS) in an effort to simplify the scheme, increase bank demand, and increase export related lending to SMEs.
- 7 of SPEED's 9 partner MFIs are now profitable compared to only 3 when SPEED support began.
- 3 MDI candidates are now ready to submit applications to the Bank of Uganda to become regulated institutions and SPEED has assisted 3 additional MFIs (from among the FSS candidates) prepare transformation plans.
- SPEED rolled out the Performance Monitoring Tool (PMT) for MFIs, which consolidates varied donor requirements into a single reporting tool. SPEED achieved approval by more than a dozen donor organizations of this new tool, which will be implemented throughout Uganda in 2003.
- Through the MFI Credit Reference Bureau Working Group, SPEED contributed to the development of a Terms of Reference for a feasibility study on a new credit reference bureau specifically targeted to MFIs and other MSME finance lenders during this period.
- Sales of SPEED's partner agricultural and non-agricultural enterprises reached over \$70 million for this six month period compared to baseline annual (12-month) sales for the same enterprises of \$91 million. 2003 full year sales are on target to far exceed baseline sales figures this year. The fish processors contributed the bulk of the sales increase, however all SPEED partner businesses increased sales considerably.
- SPEED's enterprise growth model proved a considerable success during the period. Yields from the high input maize demonstration plots at Nyakatonzi Growers Cooperative Union (NGCU) were 3 times the yields realized from low-input ("business as usual") plots. More than 28,000 farmers viewed the maize demonstration plots and adoption rates are expected to increase substantially in the coming season.
- NGCU, North Bukedi Cotton Company (NBCC), BON Holdings and Dunavant Cotton Company are the 4 ginnerers implementing SPEED's enterprise growth model. NBCC has registered 81,000 farmers who have visited and viewed demonstration plots while BON Holdings has registered 55,940 farmers and Dunavant 71,250 farmers. The program at NGCU is a double cropping activity and cotton demos will be planted in August. Enterprise managed extension systems have been successfully established for all enterprises. Due in large part to SPEED's efforts, cotton production may increase 50% this season after remaining static for the last 6 years.
- SPEED's 4 enterprise partners have registered 236,190 people as visitors to demonstration plots established during the 6-month period. Farmers visit the plots in groups and the participating farmer who manages the demo plot explains the agronomic practices that are being followed. Farmers are also provided graphic brochures in the

local language that describe the practices that should be used for both high and low input cultivation. This year's program has been substantially expanded as evidenced by the increase over the 75,618 trained people registered during the previous 6-month period.

- Institutional capacity building activities continued for key private sector intermediaries, including Private Sector Foundation - Uganda (PSFU), Uganda Coffee Farmers Association (UCFA) and Uganda Commercial Fish Farmers Association (UCFFA). Technical directions were provided to PSFU to implement the Strategic Growth Initiative (SGI) and a workshop held for the Board of Directors on key policy changes necessary for the success of PSFU. UCFA was assisted to carry out a Strategic Needs Assessment Survey (SNAS) and two regional workshops to discuss the SNAS findings were carried out in Mbale and Masaka. The regional workshops were held in preparation for national level sub sector strategic workshop for the new UCFA to be called "Uganda Coffee Farmers Business Organization". For UCFFA, work is ongoing to finalize three commercial viability/market development intelligence studies at local, regional and international levels for aquaculture. The major findings of these studies were discussed with UCFFA executive members and the final reports and the UCFFA Strategic Development Plan (SDP) will be completed in the next period. In addition, this period an aquaculture consultant was recruited to provide technical assistance and training to four member farmers on construction and development of commercial scale fish farms and cage farming for tilapia, carps, ornamental fish, gold fish and catfish.
- SPEED has had significant success increasing CADER's institutional capacity to provide high quality professional ADR services and it has positioned CADER to be an institutional model for ADR throughout East Africa. The partnership between SPEED and CADER resulted in CADER exceeding its case completion goals in 2002, however income fell far short of the expectations and case completion in 2003 has been well below targets. SPEED's analysis of the situation is that the private sector business model designed for CADER by the Government of Uganda (GOU) will not result in a self-sustainable institution, nor necessarily should this be the objective. CADER has been tasked with significant public sector activities by the Arbitration and Reconciliation Act of 2000 and is now working to restructure itself (with SPEED assistance) using a private-public sector business model that, in addition to generating business income from private sector mediation and arbitration, focuses on the public sector activities, such as administration of the soon to be approved, Commercial Court Pilot Project. The new business model (and CADER's continued viability) will require interim donor funding and ultimately partial GOU budget support, however the benefits of GOU support far outweigh the costs (increased GOU funding for the commercial courts). Several donors, including the Irish Embassy, DANIDA, and the World Bank are pleased with the results achieved with CADER to date and have expressed interest in funding CADER.
- SPEED is on track to successfully complete its rehabilitation of Company Registry files during the next period, as only about 20% of the files remain to be rehabilitated. SPEED is implementing its application of IT to the business names registry and the document registry and should complete these activities by December 2003. As reported previously, the decision of Uganda Revenue Authority (URA) to require that all registry payments be made in banks has substantially increased the time it takes to register a business and SPEED worked during this period to seek a solution to this problem.

- Activities at the Land Registry were substantially delayed due to the inability of the Ministry of Water Lands and the Environment (MWLE) to complete their required set of actions. Now finally completed, the training of registry staff is scheduled for August 2003. As set forth in prior reports, file rehabilitation activities are significantly behind schedule due to factors outside SPEED's manageable interest and will not be completed by December 2003. SPEED has offered to assist the Ministry of Water, Lands & Environment (MWLE) in creation of a funding proposal for continuation of activities after December 2003.

Section I. Introduction

A. Overview of SPEED

Support for Private Enterprise Expansion and Development (SPEED) is a three-year USAID-financed project developed by Chemonics International Inc., in collaboration with Crimson Capital Corporation, Inc. and J.E. Austin Associates, Inc., under SEGIR Financial Services IQC Task Order 805.

SPEED's mandate under the terms of the USAID technical assistance contract is to increase:

- The use of financial services by small and medium enterprises (SMEs) by packaging business opportunities in which both MFIs and financial institutions (FIs) can participate;
- Levels of effective demand for Business Development Services (BDS) through improvements in the range and quality of services and providers;
- The capacity of the commercial justice system to respond to business needs.

SPEED is designed to assist USAID/Uganda and its partners to further the mission's Integrated Strategic Plan (ISP). Specifically SPEED falls under the mission's Strategic Objective (SO) 7—Expansion of Sustainable Economic Opportunities for Rural Sector Growth. The strategy to achieve SO7 places priority on assisting the GOU to reduce rural-based poverty by expanding economic opportunities and incomes. Three key outcomes of the strategy are expected:

- Increased household income in selected regions
- Increased number of off-farm enterprises
- Increased employment in on- and off-farm enterprises

B. Institutional Environment

SPEED is comprised of three components that contribute to project intermediate results (PIRs). The components are:

- Financial Services
- Business Capacity
- Business Environment

To attain these results, SPEED has identified Key Result Areas (KRAs) for each PIR, as shown in the Results Framework (Exhibit 1). To capture the impact of project technical assistance to Uganda's micro, small and medium enterprise (MSME), finance, and commercial justice sectors, SPEED identified a list of end of project impact indicators for each PIR. For the KRAs, a mix of performance and impact indicators were identified.

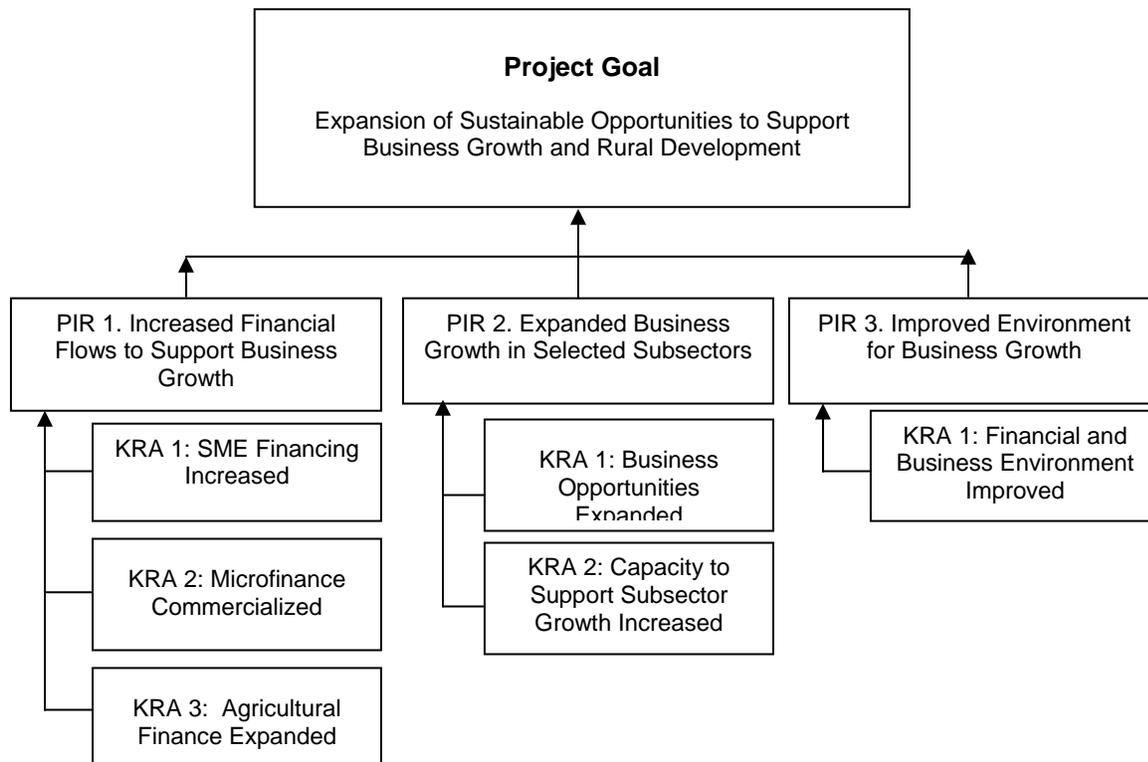
The indicators were designed to:

- Capture major project impacts,
- Supply information concerning major activities undertaken through SPEED technical assistance,
- Provide a picture of implementation progress, and
- Contribute to USAID's own M&E data needs.

Project Structure Adjustments

As part of its 2003 workplanning and as a direct result of its successes and impacts to date, SPEED adjusted its results framework to better support and reflect the work of the project. This quarterly report is the first under the modified project structure. As shown in the updated results framework presented on the following page, the wording of PIR 1, "Increased Financial Flows to Support Business Growth," is changed to reflect SPEED's ability to measure impact in terms of increases in financial flows, a more significant indicator than numbers of financial services. KRAs 1 and 2, the SME and Microfinance KRAs remain the same. A third KRA, "Agricultural Finance Increased," is added to reflect the project's focus on and commitment to facilitating the flow of financial services to agricultural initiatives that have direct impact on improving production quality and quantity in key commodity subsectors, and, therefore, on facilitating reductions in poverty and food insecurity.

SPEED RESULTS FRAMEWORK 2003



The wording of PIR 2, the business capacity project intermediate result, is changed to reflect SPEED's strengthened focus on promoting targeted, capacity-building interventions in key subsectors from within the framework provided by the SPEED Enterprise Development Support Model. KRA 1 addresses expansion of subsector business opportunities, while KRA 2 focuses on increasing the capacity of organizations, associations, and companies to provide the services necessary to support effective subsector interventions.

The SPEED business environment project intermediate result area, PIR 3, was initially put into place to govern SPEED's efforts to increase the ability of Uganda's commercial justice system to support private sector transactions. In 2003, SPEED broadens the focus of this PIR by targeting improvements in the financial and business environment needed to support business growth.

This report details the progress and accomplishments made by SPEED in the KRAs defined for each of its three technical components, and program management, during the reporting period of January 1 through June 30, 2003.

Section II. SPEED Results

A. PROJECT LEVEL RESULTS

SPEED employs two main indicators to capture achievement towards the project goal—Expansion of Sustainable Opportunities to Support Business Growth and Rural Development. The two indicators are:

- Increased number of enterprises
- Increased employment generated in enterprises

Together, these two indicators provide a picture of progress made as a result of SPEED interventions.

To establish baseline information for these indicators, SPEED collected data from partner MFIs, SMEs, FIs, and BDS providers concerning their current client base at the time of initial collaboration with SPEED. Detailed information for these indicators is shown in Exhibit 2.

Exhibit 1: Strategic Objective Indicators

Number of enterprises	Baseline	Jun-2003	Increase
Number of BDS providers	235	287	52
Number of non-agricultural enterprises	3	2	0
Number of agribusiness enterprises	17	22	5
Number of microenterprises	140,262	192,929	52,667
Number other enterprises (outgrowers)	50,000	253,572	203,572
Total	190,517	444,809	256,296

As described in the Monitoring and Evaluation Plan, the net increase in microenterprise borrowers represents a new “formal” business and therefore a new enterprise. To date, the number of microenterprises has increased 38%. Work with small and medium agricultural and non-agricultural enterprises during this reporting period continued with 24 firms, but SPEED concentrated on expanding outreach to supporting micro and small level outgrowers (farmers), which feed into the larger firms. The number of registered outgrowers supplying and receiving training from SPEED-supported enterprises has increased from 50,000 to 253,572, an increase of 203,572. These 250,000+ farmers are supplying the four cotton ginneries and coffee wet processing facilities SPEED is supporting and participating in the IBERO coffee Sustainable Quality Improvement Program (SQIP).

The next two tables concern employment generation.

SO 2: Increased employment generated as a result of SPEED interventions

Number of Individuals by Gender	Baseline			Jun-03			Total Increase
	Women	Men	Total	Women	Men	Total	
Number of jobs in SPEED-assisted BDS providers	152	186	338	213	262	475	137
Number of jobs in SPEED-assisted Fis	374	552	926	590	680	1,270	344
Number of microenterprise jobs added	210,393	201,977	412,370	362,707	360,777	723,484	311,114
Number of jobs in DCA loan recipient enterprises	829	1,392	2,221	829	1,392	2,221	0
Number of jobs in SPEED-assisted MFIs	387	409	796	540	536	1,076	280
Total	212,135	204,516	416,651	364,879	363,647	728,526	311,875

The table above includes a substantial increase in microenterprise jobs, from 412,370 to 723,484, an increase of 311,875¹, or 76%. In late 2002, SPEED conducted a survey of the microenterprise borrowers of SPEED's 9 partner MFIs and discovered that each microenterprise borrower had 2.94 employees (including the borrower) as of April 2001 (baseline date) and 3.75 employees (again, including the borrower) at year-end 2002. This factor of 3.75 has been applied to the total number of borrowers of SPEED's 9 partner MFIs as of June 30, 2003 to determine the results above. The survey will be conducted again at the end of 2003 to determine additional changes in employment of microenterprise borrowers.

One of the objectives of SPEED has been to increase the availability of financial services to the missing middle, which means expanding the product range to include larger loans. As a result of SPEED's efforts and MFI initiative, MFIs are now offering larger loans and the average loan size at most MFIs has increased. The impressive increase in employment is very likely directly related to the increases in loan sizes of SPEED's partner MFIs.

SPEED has not yet surveyed the DCA guarantee recipients to determine impact on employment of the guarantee however a survey is planned for the next period.

SPEED also tracks employment in the enterprises we partner with – such as cotton, coffee, and fish processors. The table below includes data from SPEED 24 partner enterprises. The table shows cumulative totals, but the breakdown by company name is provided in the annex.

Number of Individuals by Gender	Baseline			June -03			Increase		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of jobs in SPEED-assisted non-agricultural enterprises	436	642	1,078	348	669	1,017	(88)	27	(61)
Number of jobs in SPEED-assisted agribusiness enterprises	959	2,346	3,305	1,149	2,473	3,622	190	127	317
Total	1,395	2,988	4,383	1,497	3,142	4,639	102	154	256

Employment figures increased marginally in SPEED's partner enterprises, increasing from 4,383 to 4,639, an increase of 256 or 6%.

All told, employment increased from 421,034 to 728,782, an increase of 307,748 or 73%, among SPEED's partners and their clients.

¹ The baseline for "microenterprise jobs" is less in this report than in the December 2002 report due to a calculation error in the December report. This makes job growth all the more spectacular since the baseline date of April 2001.

B. FINANCIAL SERVICES

The objective of the Financial Services Component is to increase access to financial services by MSMEs, particularly those located in rural areas. Targeted within this component are commercial banks, MFIs planning to transform to MDIs, MFIs seeking to reach FSS, MSMEs (particularly those in rural areas), and financial sector associations. The PIR level results for this component are shown in Exhibit 2:

Exhibit 2: Financial Services Indicators

Indicator	Unit	Baseline	Jun-03	Increase
PIR 2.1: Number of MFIs reaching MDI status	No. of MDIs	0	0	
PIR 2.2: Number of clients SPEED-assisted MFIs and banks in rural areas				
Number of clients of SPEED-assisted MFIs in rural areas	No. of clients	126,232	196,388	70,156
Number of clients of SPEED-assisted banks in rural areas	No. of clients	199,160	280,646	81,486
Total		325,392	477,034	151,642
PIR 2.3: Increase in number of microenterprise savers	No. of accounts	132,133	280,068	147,935
PIR 2.4: Increase in number of microenterprise borrowers	No. of loans	140,262	192,929	52,667
PIR 2.5: Increase in number of loans between Ush 3million and 425 million	No. of loans	6,109	14,331	8,222
PIR 2.6: Increase in volume of microenterprise savings	Ush	10,255,820,068	21,526,817,782	11,270,997,714
PIR 2.7: Increase in outstanding loan balance of microenterprise loans	Ush	16,845,473,707	42,646,886,423	25,801,412,716
PIR 2.8: Increase in volume of MM loans	Ush	69,000,000,000	188,024,844,394	119,024,844,394
PIR 2.9: Increase in amount of investment	US \$	38,061,415	52,602,499	14,541,084

These indicators show tremendous improvement in both the SME finance and microfinance sectors, as evidenced by the increased volumes of missing middle loans and increased numbers of savers and borrowers.

Rural clients of SPEED-supported banks and MFIs increased from 325,392 to 477,034, an increase of 151,642 or 47%. SPEED's support for DFCU to establish three up-country leasing centers is also increasing the financial services available to rural clients.

The number of borrowing clients in SPEED-assisted MFIs has increased substantially from the baseline data, with an overall increase of 38%. The number of savings clients increased by 112%. With the MDI legislation now passed and technical assistance on-going, SPEED expects 3 of its partner MFIs to apply for MDI status in 2003.

Compared to the baseline of June 2001, indicators relating to the "missing middle" (MM) loans show a dramatic increase with 8,222 new loans and an additional Ushs 119 billion (US\$ 59.5 million) in loans outstanding². Since June 30, 2001, MM loans have increased by over 170%, substantially exceeding the target for the project of 10%.

By way of comparison, the 65 MM loans placed under the DCA Loan Guarantee Program amounted to US\$11.5 million as at June 30, 2003. The portfolio of the MM leases by DFCU Leasing was US\$10.9 million.

² The baseline data has been updated to increase the figures from DFCU Bank, a SPEED partner in SME Lending Training and loan mentoring.

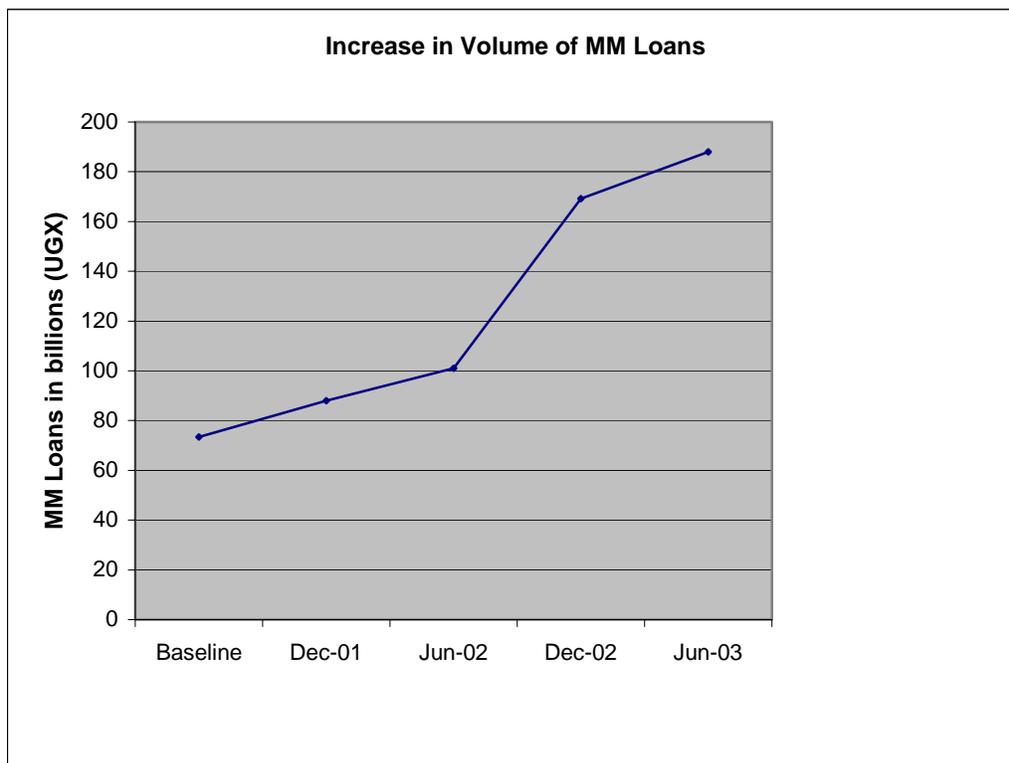
The rise in MM loans is shown in the following table:

MM Loans and Leases as at June 30, 2003

	Baseline		As at 6/30/03		Increase	
	Number of Loans/Leases	Value of Loans/Leases	Number of Loans/Leases	Value of Loans/Leases	Number of Loans/Leases	Value of Loans/Leases
Overall MM Loans reported by SPEED's partner commercial banks	5,831	56.0 billion	13,033	161.7 billion	7,202	105.7 billion
MM leases by DFCU	278	13.0 billion	567	21.8 billion	289	8.8 billion
MM loans of SPEED's 9 partner MFIs	0	0	731	4.5 billion	731	4.5 billion
TOTAL	6,109	69.0 billion	14,331	188 billion	8,222	119.0 billion

The rise in MM loans is shown in the following graph.

Increase in loans to the "missing middle"



➤ **KRA 1: SME Financing Increased**

SPEED continued to further develop strong relationships with formal financial sector institutions established during 2001 and 2002. The promotion and implementation of the various elements of SPEED's financial sector strategy listed in the paragraphs below have created a credible and professional image of our services.

From the data supplied by the nine partner financial institutions, the increase in MSME lending to the "missing middle" this six-month period was as follows:

MSME lending December 31, 2002	UGX169,183,106,688
<u>MSME lending June 30, 2003</u>	<u>UGX188,000,000,000</u>
Increase	UGX 18,816,893,322

The 11% increase (US\$9.4 million) in missing middle lending of SPEED's partner financial institutions compares very favorably with the 6.0% increase in private sector credit in Uganda during the four months to April 30, 2003. The UGX 183 billion in MM loans – reported from SPEED's partnership banks - amounted to 22% of Private Sector Credit as at April 30, 2003 (the most recent date for which bank of Uganda figures are available).

Key Activity 1: Assist banks develop and offer innovative programs and services

Work with the banks' senior management

With its positioning in the financial sector secured, SPEED shifted focus from the Financial Sector Working Group (FSWG) to operating directly with the senior managers of its nine partner financial institutions. During the period under review, SPEED met periodically with the senior managers from these nine financial institutions, to identify new products and services, to gather information on sector needs, and to review continuing and proposed SPEED activities. SPEED also used these meetings to disseminate information on collateral management programs (DCA and Export Credit Guarantee Schemes and the use of collateral management firms ACE and SGS), the pending Warehouse Receipts Bill, the proposed Financial Institutions Bill - passed by Parliament in May 2003 - with its proposal for a credit reference bureau, SPEED's support for the already established Credit Reference Bureau (Uganda) Ltd, and other SME finance issues and opportunities for banks.

The FSWG was transformed as planned this period into a DCA Working Group to assist the banks and SPEED to better promote and manage the use of the DCA Loan Guarantee Program. In fact, the FSWG had largely become a meeting place for middle-level managers responsible for the detailed implementation of the DCA. On the basis of the experience to date, regular meetings with senior bank management are much more effective in getting input from the banks and maintaining their interest in working with SPEED.

The first meeting of the new DCA Working Group took place in April 2003 and reviewed the performance of the DCA Loan Guarantee Program during the first quarter of 2003. Subsequent meetings will take place in the month following the end of each quarter.

Hold two forums / workshops on SME Finance topics

SPEED had planned to hold workshops in the areas of collateral management and the credit reference bureau for bank officers, business associations and selected relevant businesses.

Because of the uncertain state of both these areas, the need to avoid duplication (particularly with the Ministry of Tourism, Trade and Industry on collateral management) and the need to coordinate efforts (particularly with the Uganda Institute of Bankers on the credit reference bureau), these workshops have been delayed. Depending on developments in these and other areas, SPEED will hold forums / workshops as appropriate.

Pilot phase of the Loan Mentoring Program

Mr. Richard Turner, a consultant from consortium partner Shorebank Advisory Services (SAS) assisting SPEED with the implementation of this pilot program, carried out a review of the pilot phase in January 2003. Nine loan officers from Allied Bank, Centenary Bank, DFCU Bank (and also DFCU Ltd) had submitted 62 (all previously approved) for review by Mr. Turner. The target for the Program was 44 loans to be reviewed.

The objective of the Loan Mentoring Program - launched as a pilot phase in August 2002 - was to assist loan officers to apply the lessons of the SME Lending Training Programs in the workplace so that more and better SME loans could be made.

The consultant's report was positive and he recommended that the program should continue. The participating loans officers strongly supported the Program and wanted it to continue. SPEED provided the three banks with copies of Mr. Turner's reports and discussed them with the Chief Executives of the banks. The response was positive from all the Chief Executives and they too expressed a desire to see the program extended and stated they would be willing to cost-share program activities.

Although the Program was to end January 31, 2003, savings were made in the costs of operating the Program and the Program was continued under the original budget up to March 31, 2003. (The time taken by Mr. Turner to carry out each loan review had reduced over the period of the pilot phase.)

Views of a loan officer participating in the Loan Mentoring Program

"I have just received the critique after a long Easter week-end. It was very good reading and quite accurately pointed out weaknesses in my appraisal that I need to work on. Thanks a lot for the time and effort you put into this. I surely did not expect such a lengthy document. I will be forever grateful. I look forward to sending my next "improved" loan analysis."

Written by Mr. Lameck Otim of Allied Bank to Mr. Richard Turner, Shorebank consultant, on 22 April, 2003. This was the 9th such review received by Mr. Otim under SPEED's Loan Mentoring Program.

The utilization of the Program is summarized in the table below: -

Utilization of the Loan Mentoring Program

Bank	Jul – Sep 2002	Oct – Dec 2002	Jan – Mar 2003	Apr-Jun 2003	Total
Allied Bank	0	11	14	0	25
Centenary Bank	0	7	3	0	10
DFCU	12	7	2	6	27
Total	12	25	19	6	62

There has been an increase in the utilization of the Program by DFCU, the only bank to utilize the program in the last quarter. Funds allocated for the pilot phase were fully utilized by April 30, 2003.

Design and implement a follow-on Loan Mentoring Program.

Having successfully completed the pilot phase of the Loan Mentoring Program for loan officers in three banks - Allied Bank, Centenary Bank and DFCU Bank – SPEED issued an RFP to these three banks and three other small banks in April 2003 seeking proposals for technical assistance directed at products and services which have the potential to increase loans to SMEs in the range of Uganda Shillings 3 million to Uganda Shillings 425 million. Proposals were received in the areas of loan officer training and loan mentoring, credit scoring for SMEs, marketing assistance and other activities. Following an evaluation of the proposals, SPEED agreed on an outline program of technical assistance for each of the six banks focusing on training and loan mentoring.

Key Activity 2: Promote the expansion of leasing in Uganda

Support for DFCU Leasing

DFCU Leasing and SPEED signed an agreement under which SPEED would cost-share the opening and operation by DFCU Leasing of three rural leasing centers. The first of these centers was opened in Mbarara in September 2001. US Ambassador Martin Brennan opened the second center, which covers eastern Uganda, in Mbale in February 2002. The third was opened in Hoima on October 12, 2002. By June 2003, the Hoima center had approved 18 leases worth US\$177,634 demonstrating the demand for leasing in this area.

SPEED has cost-shared the establishment costs for each center, with further support contingent upon DFCU meeting business targets for each center. As of June 30, 2003, Mbarara and Mbale had met all their business targets. Hoima will meet its first business target in the next quarter. (Business targets are based on disbursements and not approvals which can be delayed by the need to import and install the leased equipment.)

Summary of Assistance to DFCU Leasing for the three rural leasing centers as at June 30, 2003

	SPEED cost-sharing contracted	SPEED cost-sharing disbursed	No. of Leases Approved	Value of Leases Approved	Value of Leases Disbursed	Business target set by SPEED
	US\$	US\$		US\$	US\$	US\$
Mbarara	100,000	100,000	79	3,177,721	3,051,471	500,000
Mbale	100,000	100,000	43	746,709	674,959	300,000
Hoima	100,000	50,000	18	177,634	133,984	300,000
Total	300,000	250,000	140	4,102,064	3,860,414	1,100,000

The contribution of the three rural leasing centers to the success of DFCU Leasing continues to be strong. As at 30 June, 2003, the three centers had contributed the following:-

- 30% of approvals by DFCU Leasing by number of leases in the six months to June 30, 2003

- 8% by approvals by DFCU Leasing by value of leases in the six months to June 30, 2003
- 114 of the 575 leases in the portfolio and 19% of the Gross Portfolio by value

Leases to SMEs in rural areas would not be economic if provided from the DFCU Leasing head office in Kampala.

However, the overall picture for DFCU Leasing is less positive. During the six months to June 30, 2003, DFCU Leasing's Gross Portfolio declined from US\$16.7 million to US\$14.1 million, a decline of US\$2.6 million. The Gross Portfolio is determined by the rate of repayments as well as the rate of new business. Nevertheless, factors impacting on this decline included (i) the higher rates of interest in the marketplace generally which have reduced the demand for leasing; (ii) the devaluation of the Uganda shilling from 1,850 to 2000 to the US dollar in the six-month period and the increased level of inflation; and (iii) senior management changes at the holding group level.

Overall, 98.6% of DFCU's portfolio of 575 leases - worth Uganda Shillings 28.1 billion (US\$14.1 million) as at June 30, 2003 - are in the "missing middle", that is between Uganda Shillings 3 million and Uganda Shillings 425 million (US\$1,500 to US\$212,500). These larger leases amount to Uganda Shillings 6.3 billion (US\$3.1 million) or 22% of its portfolio.

SPEED supported DFCU Leasing's participation in the World Leasing Convention in Rome in June 2003 by advising on the preparation of their presentation and attending the Convention. SPEED also assisted DFCU leasing to participate in a USAID-supported workshops on innovative rural finance held in Washington in June 2003.

Continue to seek a more positive tax, regulatory and legal environment for leasing in Uganda

In February 2002, SPEED formed a Leasing Working Group with the objective of improving the tax, regulatory and legal environment for leasing. (This broadened the base of SPEED support for the leasing sector. SPEED has since placed less emphasis on supporting individual leasing companies.) Members of the Group included DFCU Leasing, the East African Development Bank, the Deregulation Project of MOFPEd, and SPEED. Such improvements would not only assist DFCU Leasing; they would also encourage and assist new entrants into the leasing sector such as Barclays Bank and Stanbic Bank. Both these banks are considering entering the market in Uganda and are being assisted by SPEED.

Through this Working Group, the Long-Term Debt Working Group, and directly with MOFPEd and the BOU, SPEED advocated changes in the tax treatment of leasing, sought changes in the proposed Financial Institutions Bill (FIB) which would lighten the regulation of leasing companies (where these leasing companies were non-deposit taking), and raised the need for legislation to support leasing. (The legal environment for leasing in Uganda depends on common law, the law of contract and court precedent. This last factor is particularly weak in Uganda because of poor court reporting.)

SPEED's proposal that a Uganda Leasing Association be formed has since been carried out. The Association now consists of DFCU Leasing and the East African Development Bank. Other leasing companies that may establish operations in Uganda will be invited to attend.

(i) Taxation

SPEED agreed with MOFPED to evaluate a proposal to transfer the capital allowances from the users of leased equipment (the lessees) to the leasing companies (lessors). This evaluation would determine the impact on tax collections and the overall costs and benefits resulting from this proposed transfer. MOFPED had indicated that it is willing to support this transfer of the capital allowances.

The objective of this transfer was to improve the tax environment for leasing companies in Uganda. International experience showed that a positive tax environment for leasing would attract new leasing companies into the leasing sector thereby increasing competition, improving services, reducing prices and leading to a significant expansion of leasing. A major result would be the increase in the flow of finance to SMEs. The transfer would also reverse the effect of 1997 Income Tax Act, which currently allows for the claiming of the capital allowances by the lessees. Since 1997, there have been no new entrants into the leasing sector where DFCU Leasing continues to play a dominant role with 85% of the leasing market. However, this tax change is supported by DFCU Leasing, which sees itself as having a smaller percentage of a much larger market.

This transfer would also bring Uganda's tax treatment of leasing into line with 7 of its 8 main trading partners, would standardize the tax treatment of finance leasing in the East African Union (Kenya, Tanzania and Uganda), and would bring Uganda's tax treatment of finance leasing into line with international best practice.

The study was carried out in March/April 2003 by a SPEED consultant supported by PricewaterhouseCoopers in Uganda. The conclusions were positive. Using assumptions based on international experience, the cost/benefit approach showed that there were major benefits for the Ugandan economy in transferring the capital allowances from the lessee to the lessor. This was particularly true for SMEs, the major users of leasing for whom leasing was virtually their only source of medium-term finance. However, there was an initial cost since the financial institutions would be in a position to claim the capital allowances - thereby reducing their tax payments - while only 54% (on a Uganda shilling basis) of the lessees currently claimed these capital allowances. (These figures were based on the results of the study.) The study showed that the projected increase in leasing and the additional tax payments would more than cover this initial cost over time.

SPEED submitted the study to MOFPED in May 2003 and is currently assisting MOFPED to gain acceptance of the recommendations in the report.

(ii) Regulation

SPEED has had several meetings with the Supervision Department of BOU seeking changes in those provisions of the FIB, which could restrict the operations of non-deposit taking leasing companies. In June 2003, BOU indicated that non-deposit leasing companies, which were owned by non-regulated financial institutions, would not be regulated by BOU. (However, BOU reserved the right to supervise financial groups - such as DFCU - where inter-company loans were taking place.) While this result meets SPEED's objectives, the basis for the argument is different. In practice, this view of BOU will apply only to DFCU Leasing (whose parent is DFCU Limited, a non-regulated development bank). Stanbic Bank will probably carry out its leasing operations within the bank; Barclays Bank may do the same.

(iii) Legislation

It is clear that the leasing sector would benefit from having a clear law defining the roles and responsibilities of the three parties to a finance lease - the equipment supplier, the lessor and the lessee. A key component of any such legislation would be the putting in place of a licensing structure for companies engaged in finance leasing which would also be useful for Uganda. However, SPEED is awaiting the results of its support for MOFPED regarding the taxation study before deciding on undertaking any major efforts in legislation

Assist banks to enter the leasing market such as Barclays Bank and Stanbic Bank

SPEED considers it important to support the efforts of potential entrants to the leasing sector. Therefore it continues to brief Barclays Bank and Stanbic Bank on progress being made on the above issues and advising them of any other developments that might impact on the leasing sector. Stanbic has started to recruit staff for its planned leasing operations. It plans to carry out its leasing operations from within the bank rather than establish a subsidiary. Barclays bank is still reviewing the situation and is paying particular attention to the proposed changes in the tax treatment of finance leases.

Investigate and implement opportunities for new firms such as MDIs to enter the leasing market

Several meetings took place with staff of the Uganda Micro-Finance Union (UMU) to explore the possibility of UMU adding leasing to their range of products they provide to their clients. UMU has a larger individual client base than any other MFI in Uganda and has sufficient long-term resources to finance a leasing portfolio. However, it lacks trained staff and the systems to set up a leasing operation. It is currently determining the market for leasing among its existing clients. Following this, UMU has indicated that it will approach SPEED for further assistance.

Key Activity 3: Expand use of collateral support programs**The DCA Loan Guarantee Program**

SPEED manages and promotes the use of a US\$30 million USAID DCA (Development Credit Authority) Loan Guarantee Program. Under this program, which became operational in March 2002 and which will run to January 31, 2007, seven participating banks receive a 50% guarantee on the principal element of loans advanced to SMEs and MFIs. All seven banks have now placed loans under the program.

SPEED works with the banks to promote the Program and to train bank staff in its implementation. The first meeting of the new DCA Working Group took place in April 2003 and reviewed the performance of DCA Loan Guarantee Program during the first quarter of 2003. Subsequent meetings will take place in the month following the end of each quarter.

At the request of the banks, SPEED runs training programs from time to time for bank staff. Two such training programs were run for loan officers in Standard Chartered Bank and Stanbic Bank. However, most training is done through the regular contacts with bank staff when they place loans under the Guarantee Program using Notification Letters.

To assist in the submission of the Notifications Letters, SPEED prepared Operating Guidelines in September 2002 for the preparation of these Notification Letters. These Operating Guidelines were distributed to all the 7 participating banks. These guidelines consisted of a Notification Letter Checklist and a summary of the Common Problems in Placing Loans under the DCA

Loan Guarantee Program. These proved very useful in improving the quality of the Notification Letters provided by the banks in placing loans under the Guarantee Program. As a result of the lessons learned during these Operating Guidelines, SPEED updated and re-issued them in April 2003.

The use of the DCA Loan Guarantee Program continues to grow. By June 30, 2003, the seven banks had placed 65 loans amounting to US\$11.5 million under the program. The benchmark under the workplan for the six months to June 30, 2003 was for 60 loans amounting to US\$12 million.

Use of the DCA Loan Guarantee Program

	6 months to 6/30/02	6 months to 12/31/02	6 months to 6/30/03	Total
No. of loans	3	32	30	65
Value of loans in US\$	433,333	7,225,456	3,882,943	11,541,732
Average size of loans in US\$	144,444	225,796	125,526	177,565

At the current rate of utilization, the DCA guarantee facility will be fully utilized in late 2004. Therefore SPEED is planning to review the performance of the Program during the third quarter of 2003, and make recommendations for future operations of the Program. A preliminary review carried out by SPEED in May 2003 reported on the high economic development impact of the loans placed under the Program, mainly in the agriculture and fish sectors, and the impact of these projects in rural areas.

Six loans guaranteed by DCA have been made to 4 MFIs, meeting one of the objectives of the DCA.

The Export Credit Guarantee Scheme

At the request of Bank of Uganda (BOU), SPEED recruited a consultant in October 2002 to evaluate BOU's Export Credit Guarantee Scheme (ECGS). The assignment was carried out in October 2002. A draft report was presented to BOU in November 2002 and discussed in detail with the Development Finance Department of BOU on 16 December 2002. The final report was presented in January 2003.

Overall, the consultant concluded that the ECGS was a success. The two participating banks (Barclays Bank and Stanbic Bank) were very pleased with the Scheme. By May 2, 2003, 96 loans had been placed under the guarantee amounting to Uganda Shillings 32.6 billion (US\$16.3 million equivalent). One claim had been made which had been fully paid amounting to US\$27,000. (Barclays Bank, which made this loan, is now attempting to recover the losses on this loan by realizing the security. Should any recoveries be made, these will be shared with BOU.)

The consultant's recommendations can be summarized as follows:

- Include two smaller banks in the Scheme to deepen outreach and to include smaller exporters

- Training and promotion should be provided to all participating banks and exporters in the use of the Scheme
- Modify and update the legal documentation in the light of experience
- Prepare financial projections to determine the amount of additional capital needed to ensure self-sustainability of the Scheme

An issue impacting on the Scheme (which only arose during the assignment) was BOU's plan to re-locate the ECGS outside the BOU. Should this re-location be implemented, there would be need for additional technical assistance for the entity which would promote and manage the Scheme and provide an acceptable guarantee to the banks.

As a result of the successful assignment in October 2002, the Governor of BOU requested further technical assistance in March 2003 to implement the recommendations. SPEED recruited the same consultant who visited Uganda in June 2003 to modify and update the legal documentation and prepare financial projections to assist in raising additional capital to ensure self-sustainability of the ECGS and expand it to smaller banks. The consultant's report is expected by mid-July 2003. The draft documentation already includes the separation of the legal agreement from the operating manual, and an approval procedure for exports in the fish sector (where sales are made on a revolving basis with selected buyers but without formal sales contracts). These issues had been raised during the consultant's first visit in October 2002.

During the consultant's visit in June 2003, he noted the inclusion of two smaller banks (Allied Bank and DFCU Bank) in the ECGS, and the provision of a further US\$2 million by BOU to expand the ECGS. SPEED support to BOU in promoting the use of the ECGS to a wider group of exporters was discussed and agreed.

Review the effectiveness of collateral management programs in Uganda.

SPEED has continued to collaborate with the Ministry of Tourism, Trade and Industry (MTTI) to promote wider usage of alternative collateral management tools, such as warehouse receipts. In June 2003, SPEED discussed the future of MTTI's efforts to introduce legislation in this sector with consultants from CFC (Common Fund for Commodities – a UN program) who were reviewing the progress of MTTI's work and the technical support MTTI was receiving from UNOPS, another UN agency. SPEED is now awaiting the results of this review before determining its own support for this sector.

Credit Reference Bureau (Uganda) Ltd (CRB)

SPEED continues to support the work of CRB to be licensed as a credit reference bureau for commercial banks in Uganda. (This support is on the basis that more and better credit information will lead to an increase in loans to SMEs.) These efforts were boosted by Parliament passing the Financial Institutions Bill (FIB) in May 2003 that empowers BOU to license a credit reference bureau. However, the FIB still needs to be gazetted. Currently, SPEED is advising CRB on the preparation of a proposal to BOU to be licensed under the FIB.

CRB has also presented a proposal to establish a credit reference bureau for MFIs, which would contain not only negative information (as is proposed under the FIB), but also positive information. The SUFFICE program (an EU-funded project) has agreed to fund a consultant to appraise this proposal and another proposal from a South African firm considering setting up a credit reference bureau in Uganda. However, under the proposed FIB, while the commercial

banks may have access to the MFI credit reference bureau, the MFIs will not be able to access the BOU-licensed system where access will be restricted to commercial banks.

SPEED has played a key role in assisting CRB (Uganda) Ltd (CRB) in its meetings with BOU and business leaders in Uganda, and in presenting its case to a sub-committee of the Uganda bankers' Association investigating the potential of CRB to operate a credit reference bureau. SPEED also advised CRB to operate its debt collections systems for banks separately from the information sharing. CRB, which started operations in Uganda in March 2002, now has a contract for information sharing with one bank (Barclays Bank) under the existing legislation and debt collection contracts with two banks (Barclays Bank and Stanbic Bank). Among a wide range of non-bank activities, CRB recently signed a contract with NSSF to expand its database of employers thereby enabling NSSF to acquire additional contributors to its provident fund.

Key Activity 4: Operate as a financial services hub to provide support in the packaging and brokering of financial deals by other SPEED components and USAID projects in related fields.

Support for other SPEED components is a continuous activity. Much of this support has been in the area of providing advice on the DCA Loan Guarantee Program to clients of the Business Opportunities Expanded KRA and in initiating contacts with banks on behalf of SPEED clients, and participating in the Long-term Debt Working Group.

With the U-TRADE project now cancelled or on hold, SPEED support in terms of providing contacts, background information and insights on the working of the financial sector in Uganda will be provided to APEP and PRIME-West during their design stage. Continued support will be provided during implementation of these two projects as well.

Support for the Mbarara and Lira business growth centers will be completed when an accounting package to be used in the auditing of clients is purchased in the next quarter. An audit service for clients is seen as a growth area for business particularly in Mbarara. Mr. Martin Ssekibaala, the accounting member of the consulting consortium running the Mbarara business growth center, will provide training in the use of this package.

➤ **KRA 2 MFIs Commercialized**

SPEED continued to assist the MDI candidates to prepare for transformation by providing more training and technical assistance in planned and relevant areas. Great strides have been made with this category of MFIs and we are confident that three MFIs will submit applications in 2003 to the Bank of Uganda to become licensed and regulated. The project has also continued to render capacity strengthening support to the second category of MFIs and most of them have registered increases in their financial self-sufficiency levels in line with SPEED project objectives.

Total number of clients of SPEED-assisted MFIs in rural areas has increased by 70,156 or 56% since SPEED began operating. In addition, the overall increase in number of savers and borrowers has jumped by 112% and 38% respectively since we began working with our partner MFIs in April 2001. Volumes of savings and loans outstanding have also increased significantly from Ush 10,225,820,068 billion and Ush 16,845,473,707 billion to Ush 21,526,817,782 billion and Ush 42,646,886,423 billion, respectively, from April 2001 to June 2003. These large increases can be attributed to a continued refinement of the products offered by our partner

MFI as well as increased productivity and efficiency of the MFI staff as a result of training and technical assistance provided to the MFIs by SPEED project.

Key Activity 1: Provide Transformation and Capacity Strengthening Support

During the reporting period SPEED continued to provide one-on-one training and technical assistance to support transformation and financial self-sufficiency enhancement to the MDI candidates and FSS candidates respectively.

FINCA Uganda

Specific activities conducted with FINCA included implementing preconditions to savings mobilization, refinement of savings product profiles, writing manuals and pilot testing of the savings products in two branch locations. SPEED assistance in the individual loan product development resulted in product profiles for working capital loans and payroll loans and an individual loan policy and procedures manual. Pilot testing of the individual loan product was also completed in two branch locations. To further SPEED assistance in FINCA's operational areas, SPEED staff conducted 2 workshops on delinquency management for FINCA field staff from 4 branch/field offices.

With SPEED assistance, a Treasury Manual and a Liquidity Management Tool were put in place, as well as a Teller Operations manual. The latter has enabled newly introduced teller operations at two branch locations to take off successfully. Technical assistance in the legal and compliance areas during the period led to the required amendment of the Memorandum and Articles of Association in preparation for the MDI application to be done during 2003. FINCA held insightful discussions with the Central Bank and also submitted documents for preliminary approval of the shareholders and directors before final submission of application. Manuals were also put in place for internal controls and audit functions and aligned to Central Bank requirements. The MIS system was checked to ensure that it meets the Central Bank reporting standards to the extent the reporting requirements are ready.

Uganda Microfinance Union (UMU)

The Transformation Coordinator funded by SPEED to manage UMU's transformation activities finalized her work and left the country. She successfully put in place UMU's transformation/business plan complete with financial projections, trained staff in various technical fields, drafted the capitalization plan for investors, developed the annual budget for 2003 and refined ALCO guidelines. In summary, she steered UMU to the final stages of transforming to an MDI and did an excellent job.

Other TA during the period included writing a loan policies and procedures manual, refining and piloting of the individual loan product as well as savings products, budgeting, writing a human resources manual, developing an in-house training function and plan, developing policies and procedures for fee based services, and refining and finalizing internal audit tools.

SPEED continued to facilitate UMU's potential investors' meetings. These resulting in the draft key terms of investment including the capitalization plan and to identify future steps in investor agreement timeline. UMU is now in the final stages determining which investors will be selected as shareholders.

UMU has held a series of meetings with the Central Bank during the period to clarify on the bank's MDI requirements issues and to secure tentative approval for the MIS. These meetings have been very useful in preparing UMU's way for a smooth and quick application process. UMU also held meetings with USAID and NOVIB seeking consent on the use of those organizations' donated equity. USAID has now signed off on the transfer of previous USAID grant funds from the NGO to the shareholding company.

PRIDE Uganda

The SPEED funded transformation plan developed by Vulindlela was completed during this period. SPEED recommended that PRIDE Uganda (PU) have a wider ownership and maintain less than 50% of the new MDI shares with the PU company limited by guarantee (original project company). PU was not in favour of this recommendation.

After lengthy dialogue between PU and the other stakeholders, SPEED took an active position in influencing and achieving agreement among the different stakeholders (NORAD, Ministry of Finance, Ministry of Gender, PU) on the proposed ownership structure of PRIDE at the time of licensing. PRIDE will now apply with a maximum of 49% of the MDI shares held by PU related persons/entities. This is in line with what Vulindlela and SPEED recommended.

AFRICAP is planning to invest \$1-1.5 million in PRIDE thus reducing government ownership in the MFI. SPEED played a major role in facilitating this relationship.

SPEED participated in reviewing a salary survey that was completed to counter PU top management setting of very high salaries for itself and creating high differences with that of middle management and junior staff.

PRIDE Uganda's operating and financial results continue to be strong. We anticipate they will submit a license application as soon as they finalize their investors (assuming the BOU is ready to accept applications – at the time of this report, they were still not ready).

Uganda Women Finance Trust (UWFT)

During the period, SPEED continued to assist UWFT to improve operations and achieve profitability. Senior managers that resigned at the end of 2002 were replaced with competent people who are now steering the MFI forward with zeal and enhanced momentum. The board became actively involved in strategic decisions as guided by SPEED and because of these changes in the outlook of management and board members, SPEED was able to finalize the transformation plan, activity schedule and activity sequencing. Active dialogue and cordial relations with the Central Bank were initiated by SPEED and this has enabled UWFT access to effective guidance on the transformation process. The mentioned efforts have borne fruit in that the institution has become profitable again and is now fully focused on transformation. In addition, SPEED has worked closely with Women's World Banking (WWB) over the last six months to coordinate assistance efforts and has recently agreed to jointly fund a full-time transformation manager for UWFT.

Faulu Uganda

SPEED's assistance to Faulu has shifted from FSS attainment to transforming into an MDI since it turned profitable in the previous period. During the current period, a 1-day workshop on transformation was designed and delivered to Faulu board and senior management by SPEED staff to inform them of issues pertaining to transformation so as to help them chart out the institution's way forward. A consulting firm to be funded by SPEED has been identified and will embark on the process of writing Faulu's transformation plan in July 2003.

MED-Net

MED-Net is also eyeing transformation since the institution achieved financial self-sufficiency during the last reporting period. SPEED identified a consultant fully funded by the project and he is in the final stages of writing a transformation plan for the institution. The E-merge software is being installed and training on its use and testing will follow installation. SPEED provided a contribution to the purchase of the E-Merge software.

Feed The Children Uganda (FTCU)

SPEED funded the development of an individual loan product for FTCU and the process is now complete. Thorough market research was conducted, product prototype and testing plan designed, as well as monitoring and evaluation plan and policies and procedures manual. FTCU is planning to conduct the pilot test in July-August 2003. The institution achieved FSS during the reporting period.

FOCCAS

FOCCAS completed an individual loan product development activity under SPEED funding. Consultants conducted market research, designed a product prototype, testing plan, monitoring and evaluation plan and wrote a policies and procedures' manual to guide the institution in fully implementing the developed product. FOCCAS is planning to conduct the initial pilot tests soon.

KASO

SPEED completed a loan policies and procedures manual in group-lending for KASO, having reviewed the preceding manual and determining that it needed improvement. This is expected to go a long way in improving KASO's operations.

Faulu Uganda

Faulu Uganda continues to shine as far as performance and focus is concerned. Having attained FSS ahead of schedule, Faulu has begun to focus on transforming into an MDI. Faulu requested a workshop on the subject for the board and it was conducted by SPEED project. This smart move was aimed at bringing the board members on board on transformation issues and it has helped a lot in re-focusing the strategic thinking of the board.

Faulu has proceeded to introduce teller-based operations using collection centers in selected locations. This has improved customer service a lot. The clients have expressed happiness and relief over the fact that they are depositing loan repayments and savings deposits directly with their institution – Faulu - rather than going through commercial banks whose staff are not friendly to this category of bank clients.

So prepared, Faulu is now working on transforming to an MDI. Working with SPEED, a consulting firm has been identified (to be fully funded by SPEED project) to embark on the process of writing a transformation plan. Work is scheduled to start this July. This is in addition to our committed funding for Faulu as SPEED believes it is a good investment for the industry. With such moves, Faulu has become an ideal candidate for transformation.

Key Activity 2: Develop Linkages with Financial Institutions

In SPEED 's effort to encourage commercial banks to downscale their operations to provide financial services to micro-entrepreneurs, SPEED provided technical advice to Orient Bank on rolling out microfinance product, which was being piloted in Jinja branch. SPEED also held discussions with Barclays Bank aimed at downscaling. However, a decision was taken at Barclays Head Office in the UK to no longer pursue the option of microfinance.

SPEED is facilitating cotton farmers in the districts of Kamuli, Iganga, Kayunga and Mayuge through BON Holdings to utilize the deposit services of Crane Bank, which has agreed to open a service centre in Iganga mainly to target members of BON Holding.

SPEED assisted PRIDE to identify a strategic investor, AfriCap, who has agreed to invest US 1 to 1.5 million dollars in PRIDE Uganda. AfriCap not only will provide funding but will also play a key governance role in the new MDI.

SPEED's microfinance component continued to facilitate and encourage SPEED partner MFIs to seek opportunities for commercial loans from financial institutions. As a result of this effort, banks have continued to loans to MFIs as shown in the table below.

<u>BANK</u>	<u>AMOUNT</u>	<u>SECURITY</u>	<u>RATE</u>
PRIDE			
Stanbic	Ush 6 bn (only 2.74 bn drawn down)	USh 3 bn Cash covered portion USh 3 bn portfolio covered portion	4% 12%
DFCU Bank	USh 1.8 bn	Cash cover Portfolio cover	4.5% 16%
CERUDEB	USh 900m (not yet drawn)	n/a	15%
UMU			
Stanchart	USh 90 m	100% cash cover	Prime (16.5%)
Nile	USh 1.8 bn	Ush 1 bn = 50% DCA, 50% cash	Prime
Citibank	Ush 500 m	50% DCA, 50% cash	
Triodos	USh 846m	Nil	15%
Stromme	USh 579m	Portfolio	15%
Orient	USh 500m	FDR	17.5%
FINCA			
Stanchart	US \$ 600,000	FI guarantee 100%	Prime – 2% (Prime currently 16.5%)
Stanchart	USh 420 m	SUFFICE guarantee 70%	11%
Stanchart	USh 180 m	Guarantee of 30% portfolio	Prime + 2%
KASO			
SUFFICE	USh 60 m	Postdated check & chattel mortgage over assets	13%
Stromme	USh 50 m	100% Cash collateral (fixed deposit of clients' savings)	12%
RMSP	USh 60 m	Postdated check & chattel mortgage over assets	12%
MED-Net			
NOVIB	Euro 430,000	Nil	6% + inflation
Faulu			
Stanchart	USh 1 bn	50% cash collateral 50% DCA	16.5% + 1% fee

<u>BANK</u>	<u>AMOUNT</u>	<u>SECURITY</u>	<u>RATE</u>
Nile	Ush 1 bn	SUFFICE Guarantee 50% Debenture on loan portfolio 50%	Prime – 5% (Prime currently 17%)
Blue Orchard	US\$ 300,000	Promissory notes	LIBOR + 6%
FTCU			
Stromme	USh 150 m	Clean	12%
SUFFICE	USh 300 m	Chattel mortgage over 5 motorbikes Loan portfolio	13%
FOCCAS			
Stanchart	USh 400 m	SUFFICE guarantee	16.5%
Nile	USh 500m	SUFFICE guarantee USh 400m	13%
Stromme	USh 100 m	Promissory note signed by board chair	12%

Key Activity 3 – Develop and Implement a Microfinance Credit Reference Bureau

There are a number of donors active in Uganda who recognize the need to develop a credit reference bureau for microfinance. With a view to moving forward on the creation of a micro-credit reference bureau, SPEED requested other donors to be part of a committee to determine the best way forward. Representatives from EU/SUFFICE, DFID/FSDU, and GTZ/FSD agreed to participate with SPEED on this committee.

The committee reached consensus around a set of guiding principles and issues for a micro credit reference bureau (MCRB) for Uganda, including:

- Commercial viability - while R&D and establishment costs could be donor funded, subscription fees should cover the operational costs of a bureau.
- Institutional viability - a legally liable, commercial, private sector entity is the best option
- Operational replication - as linkages and perhaps a future merger with the commercial bank credit bureau (CISCOM) is a preferred option, the MCRB should mirror the CISCOM system operationally, if not by governance, and be linkable
- Positive and negative information - given a confidential system, which does not reveal the individual customers' sources of credit (to avoid poaching and free-riding), MFIs would benefit from a MCRB registering both negative information on poor performers and positive information on good repayers, who may, however, be over-indebted through multiple borrowing, and thus represent a future risk
- Building on what exists - With the limitations and constraints of the Ugandan reality, a pragmatic approach must be taken to develop a workable MCRB with the supplier(s), systems and infrastructure available and interested in the market.

The committee also agreed that an international specialist with experience in establishing and running credit reference bureaux in developing countries should be contracted to conduct a market review and situational analysis. EU/SUFFICE has agreed to fund this consultancy. SPEED actively participates in commenting on and finalizing the Terms of Reference for the consultant and to actively assist SUFFICE in locating the right consultant. By the end of this year, SPEED will determine its role in the development of a credit reference bureau. It was planned that the EU/SUFFICE project take the lead on this, however various changes taking place within the SUFFICE

programme over the next few months will determine whether or not SUFFICE will continue its lead role and thus what SPEED's role may be.

The Performance Monitoring Tool

Microfinance institutions (MFIs) in Uganda have long been faced with having to report similar information to different donors in different formats. The more donors an MFI worked with, the more reports they had to produce each quarter. On behalf of the donors, SPEED volunteered to develop a reporting format (the Performance Monitoring Tool or PMT). With support, cooperation and/or input from more than 30 donors and other industry stakeholders, SPEED finalized the format in late 2002. SPEED then contracted two local computer consultants to format and protect the new tool. They incorporated the glossary into a "help" function and packaged it on CD-ROMs with the Performance Monitoring Tool, its "User Guide" and all participating donor and donor project logos.

During this period, SPEED ran three workshops providing donors and representatives from 44 institutions to training on the MFI PMT. Currently, all SPEED partner institutions are conveniently reporting their quarter performance to donors using the tool.

Locally, AMFIU's Performance Monitoring System (PMS) is using the PMT as the input format to their databases. The PMS will provide benchmarks for the industry and will be the basis for self-regulation being spearheaded by Bank of Uganda to monitor and control Tier 4 institutions, which are not catered for by the Micro Deposit Taking Institutions Act (MDI Bill).

Globally, the MicroBanking Bulletin (MBB) is using the PMT for input to its database and recently hired the same programmers to create a similar "PMT" for the MBB. CGAP has written a case study about how donors coordinated to make it happen to enhance collaboration and transparency within the industry. CGAP is also committed to publicize the tool via CGAP DIRECT site so that others can be inspired by it and adapt it for their needs. The tool will also be put on AMFIU and Infomatics Limited websites, which are familiar to local institutions to promote utilization.

Finally, the Bank of Uganda is interested to use the PMT for off-sight supervision of MDIs. SPEED recently met with the BOU to work together to accommodate the needs of BOU for supervising MDIs.

Key Activity 4 – Maintain SPEED's Active Presence and Profile in the Industry

SPEED continues to play a leading role in the microfinance donor community. As mentioned in the previous report, in its effort to promote and support the microfinance industry, SPEED volunteered to design and develop a Performance Monitoring Tool (PMT) aimed at facilitating Micro Finance Institutions (MFIs) to complete one set reports acceptable to all donors. In March 2003, SPEED officially launched the PMT and has provided a significant amount of training on it for MFIs and donor representatives in Uganda. The PMT User Guide and CD were formally published and distributed this period.

The PMT was launched at Hotel Africana by USAID Mission Director, Vicki Moore together with Anthony Way (DFID) Keith Muhakanizi (MoFPED) during a cocktail following a workshop on the tool organized for donors. A total of 14 organizations and projects participated in the donor workshop and 30 people attended. The following organizations were represented: Austrian Development Co-operation, BOU/Development Finance Department, BOU/Non Banking Financial Institutions, DANIDA, Department for International Development (DFID), EU/SUFFICE, Grameen Foundation (U.S.A), German Technical Co-operation (GTZ), Management Systems International (MSI), Ministry of Finance and Economic Planning

(MOFPED), Microfinance Support Centre Ltd. (MSCL), Stromme Foundation, Uganda Co-operative Alliance (UCA), USAID, WOCCU/SACCO-NET.

SPEED participated in discussions with AMFIU and GTZ, as well as others, to determine the best way to satisfy Parliament's request to regulate Tier 4 MFIs and is in the process of reviewing a paper written for AMFIU on the regulation of Tier 4 MFIs. In addition, SPEED actively participated in the Annual General Meeting of AMFIU including making a presentation on the PMT.

SPEED continued to attend industry wide meetings such as the Microfinance Forum and was active on various sub-committees. The Microfinance Advisor has officially agreed to be a member of the MFF Capacity Building Committee. It is anticipated that the Outreach Plan will be launched soon. SPEED continues to try to ensure that the Outreach Plan not distort the microfinance market, particularly for those partner MFIs that are active throughout Uganda.

SPEED staff were also actively involved in promoting and teaching at the Martyr's University Associate degree programme in microfinance. The Microfinance Advisor taught two workshops and the Microfinance Specialist taught one workshop (see box).

Finally, the Microfinance Advisor also actively promoted SPEED's work in helping MFIs to transform by speaking at two conferences this period. She presented the Ugandan experience in Senegal in April and in Moscow in May.

Enhancing SPEED MF industry presence

SPEED project microfinance component continued to actively portray its high professional profile in the microfinance industry in Uganda. Uganda Martyrs University hosts and coordinates an annual 2¹/₂ week microfinance training program to participants from all over Africa. SPEED project microfinance component staff volunteered to teach at this years' program that will run from 23rd June to 10th July.

The Microfinance Advisor presented two full-day sessions on 'Evaluating Microfinance Institutions' and 'From MFIs to Banks - Transformation'. The Microfinance Specialist presented one full-day session on 'Credit Risk Management'. Both presentations were very highly rated by the participants.

The MF Advisor helped the university source competent resource personnel using her international contacts and this contributed greatly to the overall success of the program.

➤ **KRA 3: Agricultural Finance Increased**

Agricultural/rural finance continues to be a key development challenge in Uganda. SPEED's strategy for this period is to de-link the concepts of credit and financial services and to focus on savings services. More specifically, SPEED will assist market-linked farmer associations and/or businesses (those that are market credible) to adapt, develop and put into place financial services delivery systems through which farmers can benefit from programs that provide practical, useable, and tailored credit/savings products.

Key Activity 1: Define, Develop and Document Appropriate Agricultural Finance Services to Support Subsector Expansion

SPEED evaluated alternative means of providing rural/agricultural finance services to over 90,000 cotton farmers affiliated to the two cotton-ginning businesses that SPEED works with under the Enterprise Development component - NGCU and NBCC. This was in keeping with SPEED's market/enterprise linked approach to the provision of rural/agricultural financial services. SPEED held extensive interviews with ginnery owners and staff, farmer-leaders, district authorities, co-operative officers, farmer-groups, MFIs, banks and other stakeholders.

The result of this evaluation was the identification of two alternative modes of intervention for effective provision of rural financial services: i) helping the farmers and other rural folk to form user-owned savings and credit cooperatives (SACCOs) that would deliver highly tailored products that fully respond to farmer needs and; ii) helping a willing bank or MFI to study the farmers' business and cash flow cycles, and develop tailored products and/or service delivery points to serve this potential market niche.

SPEED in collaboration with WOCCU and DFID is developing a plan for a SACCO to be established in the Kasese District to meet the demand for financial services created through the ELDP program implemented with NGCU. During this past quarter an operational plan has been agreed upon, the Kasese District has been mapped with potential SACCO members and office locations determined, and a business plan for the SACCO is in progress. SPEED has also instigated the potential establishment of a contact point for a commercial bank in one of the ginneries with which SPEED is involved. The contact point will initially only be designed for savings products for ginnery customers, but it is anticipated that this activity will expand to a sub-branch for the bank that will provide a full range of financial services including loan products not only to ginnery customers, but to the surrounding community as well. Both of these activities represent significant expansion of availability of financial services to rural communities.

Key Activity 2: Operate as an Agricultural Finance Hub to Support SO7 Partners and other Important Enterprise Growth Initiatives

The ongoing rural finance initiative at Kasese is being undertaken in collaboration with WOCCU-SACCO Net, an ongoing USAID SO7 partner. SPEED and WOCCU jointly carried out research to facilitate the preparation of a business plan for a SACCO in Kasese. SPEED will also work with Land O'Lakes to introduce financial services to the dairy farmer associations members. It is anticipated that SPEED, if extended, will work with other SO7 partners, including APEP and PRIME West.

C. BUSINESS CAPACITY

SPEED's Business Capacity Component focuses on expanding business opportunities and strengthening the organizational and institutional capacities of BDS providers. SPEED seeks to increase the effective demand for business development consulting services by integrating BDS providers into project-supported activities, upgrading the quality and range of services and providers, and increasing price competition in the BDS marketplace. The main indicators at this PIR level are:

- Increased sales by business enterprises
- Number of individuals with enhanced management skills
- Number of business development services purchased by enterprises
- Percentage of BDS users purchasing a second service

These indicators are summarized in Exhibit 3:

Exhibit 3: Business Capacity Indicators

Indicator	Unit	Baseline	June-03	Increase
PIR 1.1: Increased sales in enterprises assisted				
Volume of sales in SPEED-assisted agribusiness enterprises	Ush	170,759,648,998	117,399,238,246	(53,360,410,752)
Volume of sales in SPEED-assisted non-agricultural enterprises	Ush	13,645,045,387	23,327,575,600	9,682,530,213
PIR 1.2: Number of individuals with enhanced management skills	No.	0	245,732	245,732
PIR 1.3: Number of business development consulting services purchased				
Services purchased from BDS Providers by non-SPEED clients	No.	0	19	19
Services purchased by SPEED-assisted non-agricultural enterprises	No.	0	4	4
Services purchased by SPEED-assisted agribusiness enterprises	No.	0	12	12
Total number of business consulting services purchased	No.	0	35	35
PIR 1.4: Percentage of BDS users purchasing a second service	%	N/A	6.06%	

SPEED's baseline figures are modified from those presented in previous reports. After significant discussion internally, a number of businesses have been removed from the baseline list of firms, for a variety of reasons including the following: 1) SPEED assistance was limited in scope and duration and judged to have an insignificant impact on sales; and 2) The enterprise was sold to a larger entity and sales/employment figures became unobtainable and meaningless.

Sales of SPEED's partner agricultural and non-agricultural enterprises reached over US\$70 million for this six month period compared to baseline annual (12-month) sales for the same enterprises of \$91 million. 2003 full year sales are on target to far exceed base-line sales figures this year. The fish processors contributed the bulk of the sales increase, however all SPEED partner businesses increased sales considerably.

The number of individuals trained during this 6 month period totaled 245,732. This very high number of people trained is largely due to the SPEED's Enterprise Linked Extension Programs under which SPEED's partner enterprises provide farm management training to producer suppliers. SPEED plans to conduct a survey during the next 6-month period to determine what

percentage of the individuals receiving training believe that this training has resulted in “enhanced management skills”.

Details related to previous periods for each of the PIRs listed above can be found in the tables at the end of this report.

➤ **KRA 1: Sub Sector Business Opportunities Expanded**

The strategy for accomplishing this KRA is to develop comprehensive, market-focused programs for enterprise development that will create employment opportunities, increase export potential, improve outgrower/supply side, promote value addition, and enhance economic development. SPEED identifies enterprises that operate within critical sectors identified by USAID, and then works with enterprises within those sectors that:

- Involve large numbers of people as producers, customers, or employees;
- Are clearly responsive to market demands;
- Have significant export potential; and
- Have the capacity to move forward successfully once SPEED assistance is no longer available.

Our approach is strongly market driven. SPEED strives to be responsive to the needs of its clients in finding practical solutions to business problems, and to expand their ability to recognize and take advantage of business opportunities. Each assistance package is tailored to the specific business and technical needs of the individual firm.

Key Activity 1: Further Develop and Document SPEED’s Enterprise Development Support Model

The key phrase in this activity is “market-linked”. SPEED believes that markets ultimately determine the success or failure of any enterprise, and it is therefore necessary for SPEED to tie its assistance programs to demand for the services it supports. Particular programs that fit these criteria include activities in cotton, coffee, dairy, maize processing, and fish farming. The SPEED approach targets enterprises that deal with large numbers of people and have the capacity to deliver BDS in an affordable manner.

Nyakatonzi Growers Cooperative Union (NGCU)

NGCU, with a membership of cooperative societies that have over 15,000 farmer members, is one of the few unions that survived the turbulence that followed the liberalization of the cotton and coffee sectors. In collaboration with the IDEA project, SPEED supports the establishment of 600 maize and 600 cotton demonstration plots at NGCU’s 62 farmer-member society locations. These plots utilized improved agronomic practices and minimal additions of fertilizers and insecticides, and strictly followed correct seasonal timing for planting. Local farmers provide extension services, and NGCU supervises the operation through an extension manager. 60 site coordinators and two area coordinators were involved in establishment of the plots, and three training workshops were conducted for the coordinators and collaborating farmers during planting, spraying, and harvesting periods for maize and three similar training workshops will be conducted for cotton. Through ELDP, 27,734 farmers (members and non-members of NGCU) have been trained in improved technologies of maize production. This program has provided NGCU members with an alternative cash crop to cotton through a double cropping opportunity,

as maize can be grown in the cotton off-season. Full time employment for 30 men and 4 women has been created through this program.

As a result of SPEED's intervention through the cotton demonstration program last season NGCU farmers realised great increment in cotton yields. The highest yield achieved was 1,571kgs.from 0.5acre plot and on average the yield was 925kgs/acre from the high input block and 568kgs/acre from the low input block.

The 2003 maize demo program was a great success (having achieved the best results of any demonstration effort in the district so far); with an adoption rate (full and partial) of 11,400, 28% more than in 2002. There was improved level of management due to high adoption of ELDP promoted agronomic practices coupled with good rainfall over the growing period resulting in good yields ranging from 1,000-1,500kg/acre; (at least 3 times more than normal). The income from cotton played a major role in reducing poverty among the farmers in Kasese last season and the additional income from maize coupled with the high adoption rate amongst farmers will make an even larger impact in the future.

Most farmers lacked proper storage facilities for maize; they stored their produce in their homes under unfavorable conditions for proper drying, thereby reducing quality and quantity. In order to improve the handling of maize and reduce post harvest losses, SPEED supported the construction of 99 maize storage cribs for NGCU farmers. The storage cribs offer the farmers proper storage facilities and participating farmers will be able to satisfy market demands by supplying properly handled maize at a premium. Farmers visiting the demonstration maize cribs are given a simple set of plans and list of materials. While several farmers have built cribs on their own, financial constraints have not allowed for wide adoption. SPEED training programs emphasize savings during every session and hopes that farmers will, in fact, save money for future construction of cribs.

North Bukedi Cotton Company

North Bukedi Cotton Company (NBCC) is involved in buying, processing, and marketing cotton. NBCC took over the assets of the former North Bukedi Cooperative Union in 1995. NBCC owns and operates three ginneries at Bugema in Mbale district, Iki-Iki and Kabole in Pallisa district. Two of the gins are the old traditional roller type while one is a modern saw gin. NBCC markets some of their cotton locally, but most is exported to Europe and Japan. The principals of the company also own and operate gins in Malawi and South Africa. NBCC has set up 260 distribution centres with a customer base that has increased from 35,000 small farmers at the time of purchase to a current base of 78,000 small farmers. The strategically located distribution centres sell cottonseed, fertilizer, and other production inputs to farmers in their area.

In 2002, under the ELDP, NBCC and SPEED, with technical advice from USAID's IDEA project, established 300 demonstration plots at the distribution centres, and conducted training programs very similar to those implemented at NGCU; to assist increase production in the area. The demonstration plots were located adjacent to the distribution centres so that small farmers could buy inputs immediately upon seeing the impact of using the proper inputs.

SPEED continued supporting the enhancement of cotton production in NBCC's traditional area of Pallisa and expanded to new areas in Mbale and Sironko districts. An expatriate extension manager, five area coordinators and 105 site supervisors were recruited to manage the program of 1,050 collaborating farmers with demo sites. The field extension workers were trained by SPEED and IDEA in improved technologies of cotton production. The collaborating farmers in

turn have trained fellow farmers in their areas. The training programs have proved to be very popular with the farmers. By March 2003, a total number of 21,000 farmers had been trained in improved cotton technologies. The number rose to 60,000 by June 30, 2003 and is expected to rise further as more farmers embrace the program. SPEED and IDEA staff continue regular monitoring of the program activities.

Between January and June 2003, NBCC continued to implement development of extension services under the grant program of SPEED project building on the successes recorded last year. Because of ELDP, Pallisa district produced much more cotton than the neighbouring districts, resulting in NBCC operating efficiently and realizing a profit of Uganda Shillings 600 million. By June 2003, NBCC had made domestic sales equivalent to Uganda Shillings 800 million while export sales were equivalent to Ush.2 billion. Reasons for success include availability of extension service; availability of strategically located demo plots for farmers to learn skills and availability of inputs to farmers. Employment opportunities increased at NBCC; offering employment to 350 women and 600 men during the cotton season.

New Cotton Activities

In close coordination with the Cotton Development Organization (CDO), SPEED solicited for cotton ginning companies interested in developing their own ELDPs. From among the applicants, two ginning companies were competitively selected, Dunavant Uganda Limited and Bon Holdings Limited.

Dunavant Uganda Limited

Dunavant Uganda Limited (DUL) is a newly established cotton company in Uganda; it took over the assets of RAUTOGROVE Limited in August 2002. DUL is part of Dunavant Enterprises Inc., based in Memphis, Tennessee, USA. It is one of the largest cotton trading companies in the world. DUL owns the biggest ginning facility in Uganda. DUL owns and operates gins at Iceme in Apac district, and Nakasongola in Nakasongola district. The gin at Iceme is the traditional roller type while the one at Nakasongola is a modern saw gin. It employs 35 men on a full time basis and the number increase during the cotton ginning and marketing season. DUL markets some of its cotton locally but most is exported to Europe. As of June 2003, DUL had exported lint worth Uganda Shillings 108 million. The principals of the company also own and operate gins in other African countries including Zambia where they have been providing extension service and inputs to 200,000 farmers.

DUL and SPEED have developed an extension program patterned after the programs in effect at NBCC and NGCU. The ELDP approach designed to increase cotton production with benefits accruing to the farmers through the enterprise.

Under the program, DUL and SPEED, with technical advice from USAID's IDEA project, established 700 demonstration plots in six northern districts (Nakasongola, Apac, Lira, Gulu, Kitgum and Pader). The plots were distributed as follows; Apac 300, Lira 200 and Nakasongola 100. It is important to note that originally a total of 600 plots were planned for the 3 districts of Lira, Apac and Nakasongola. However due to overwhelming demand by the farmers for the program DUL, at their own expense, established an additional 100 plots in the districts of Gulu, Kitgum and Pader bringing the total number of demo plots under SPEED/DUL program to 700. The demonstration plots were all strategically located adjacent to social and distribution centers where small farmers could visit and buy inputs immediately upon seeing the impact of using proper cultural practices.

SPEED continues to support DUL in the development of an agricultural extension system, which plays a major role in the enhancement of cotton production in the area. A total of 15 area coordinators, 70 site supervisors and 700 collaborating farmers were recruited and trained to manage the demo plots. According to field reports, the collaborating farmers have been able to train 71,250 farmers in improved cotton technologies. However, it is important to note that the number of farmers trained is lower than expected because of the insecurity prevalent in the northern areas of Uganda.

BON Holdings Limited

BON Holdings Limited (BHL) is a private company registered in Uganda in 1993, to buy, process and market cotton. BHL started its operations in Kasese in 1994, and in 1995 moved its operations to the Busoga region consisting of Jinja, Kamuli, Iganga and Bugiri districts. BHL owns two ginneries in the area, one at Lukhonge and one at Nakivumbi with a combined ginning capacity of 35,000 bales per season. The gins are the traditional roller type.

BHL has established 45 supply outlets, 280 distribution centers that distribute and sell cotton seed, fertilizer, and other production inputs with a customer base of 93,234 farmers. BHL employs 31 men and 1 woman on a full time basis, and employs several hundred casual workers during the ginning season. BHL exports most of its lint to Europe with no more than 5% marketed locally. As of June 30, 2003 BHL had made domestic sales equivalent to Ush. 525 million while export sales were equivalent to Ush. 3 billion.

BHL and SPEED, with technical advice from USAID's IDEA project, have developed an extension program that will assist farmers in improving cotton yields. The program is a replication of the ELDP at DUL, NBCC and NGCU with the intent to increase cotton production in the districts of Bugiri, Iganga, Kamuli and Mayuge under a mutually beneficial relationship between BHL and the farmers. Through the ELDP, cotton production in the area is expected to increase greatly resulting in benefits accruing through the enterprise to the farmers.

A total of 11 area coordinators, 60 site supervisors and 600 collaborating farmers were recruited to manage the extension program. Through this program, 600 demonstration plots were established in the districts of Iganga, Mayuge, Bugiri and Kamuli. Training programs on improved technologies of cotton production targeting the field extension workers and collaborating farmers were conducted by SPEED/IDEA. The collaborating farmers in turn have been training farmers in their areas and so far field reports indicate that farmers 55, 940 have been registered at training sessions conducted at demonstration sites.

The Enterprise Linked Development Program (ELDP) Works

Private sector buy-in. Does ELDP (Enterprise Linked Development Program) work? The ginneries SPEED works with say so. One company's principal was quoted as saying, "I've tried to increase production for eight years with credit, provision of inputs, etc. and this is the only thing that has worked for us." This company recently hired an expert manager whose sole responsibility will be ELDP. Another ginner said "I have always stayed away from donor supported programs – but I saw the results in Kasese and Pallisa last season and I want to take part." Yet another ginnery is establishing their own demonstration plots, without SPEED support, in districts with security problems and is sending extension workers to SPEED training sessions at their own expense. These are just examples of ginneries who have seen the results of ELDP and who realize that by helping the small farmer grow more and better cotton their ginneries will prosper. So, in the final analysis, the ginneries are starting to take on a development roll with the ultimate beneficiary being the small farmer essential to the ginneries success.

SPEED's ELDP Adopted Nationwide. Because of the significantly increased cotton production and farmer income arising from ELDP programs last season with ginneries in Kasese and Pallisa, where cotton production increased two fold by planting according to correct seasonal timing and plant spacing, and by as much as four times with the addition of minimal amounts of fertilizer and insecticide, Cotton Development Organization (CDO), has zoned Uganda, has established a lead ginner for each district in the country, and has mandated that the lead ginner will adopt a program patterned after ELDP. In cooperation with the USAID-funded IDEA project and CDO, SPEED has established programs with four of the lead ginneries: Nyakatonzi Growers Cooperative Union (NGCU) that operates in Kasese, Bushenyi, and Kamwenge districts; North Bukedi Cotton Company (NBCC) in Pallisa, Mbale and Sironko; Dunavant Uganda Ltd in Apac, Lira, Nakasangola, Gulu and Pader; and Bon Holdings operating in Iganga, Bugiri, Mayuge, and Kamuli Districts. Initial activities have been cost-shared by SPEED and the enterprises, however all costs associated with the extension programs will ultimately be taken over by the ginneries themselves. SPEED would like to have worked with all lead ginneries, but financial constraints prevented the project from doing so.

How it works. Each ginnery has hired an extension manager who manages provision of extension services to farmers. A cadre of extension agents who are lead farmers in the area and who are paid a small stipend assist the extension manager. The cost of the extension service is not charged directly to the farmers receiving the advice, but is instead absorbed by the enterprise. Over 3,000 cotton demonstration plots have been established this season at strategic locations within the production areas of the 4 ginneries mentioned above. Over 100,000 farmers are expected to visit the demonstration plots and receive training on modern cotton production techniques, enabling them to substantially increase their production and income. The enterprise extension managers supervise operation of demonstration plots, coordinate field trips, ensure information access to farmers, and supervise extension agents.

As in the case with the other three enterprises collaborating with SPEED in implementing the ELDP, the demonstration plots were strategically located adjacent to the distribution centres whereby small farmers can access inputs such as fertilizer immediately upon seeing the impact of using the proper inputs.

SPEED has also initiated negotiations between the principal of BHL and the commercial bank the company deals with, to establish a contact point of the bank on the ginnery compound. The bank will provide savings products not only to suppliers of cotton to BHL, but to the residents of the trading centre where the ginnery is located.

Uganda Coffee Development Authority (UCDA)

The GOU, through UCDA, seeks to re-establish the reputation of Ugandan coffee on the international market. UCDA is offering technical and financial support to private sector investors engaged in modern and efficient processing methods. In order to ensure the success of the venture, UCDA requested SPEED's assistance in the establishment of six wet processing

stations to be strategically located in major coffee growing areas. The program will bring on more than 1,600 new outgrowers who will be supplied with planting material, technical support, and market opportunities, which will have the potential to greatly increase farm income. After implementation, the six facilities will be used as models for replication throughout the country.

In the initial stage, SPEED conducted a feasibility study for the establishment of the six stations. This was followed by technical assistance in selecting the private sector partners, sites to accommodate the factories, and machinery and suppliers, as well as preparing of work plans for each site. An Environmental Review, commissioned by SPEED, for each factory site was thereafter done. All the sites that were originally selected received the National Environmental Authority (NEMA) Certificate of Approval albeit after prolonged bureaucratic delays.

Unfortunately 4 out of the 6 PSPs who were originally selected dropped out of the program due to lack of funds for civil works construction. These were replaced by 4 new PSPs. Five PSPs have already taken possession of the equipment through a leasing arrangement with DFCU. Another coffee processor and exporter, Esco is already carrying out wet processing using its own equipment. Esco has been incorporated in the UCDA/SPEED Coffee Program and has been receiving extension services similar to that being offered to other PSPs. This brings the number of PSPs under the wet processing program to 7.

Despite the challenges associated with the UCDA/SPEED Coffee Program, there are a number of positive indicators directly attributable to the Program. For example total investment by PSPs has increased by Uganda shillings 461million (US\$249,188) since December 2002 i.e. from Uganda Shillings 659 million (US\$ 356,218) in December 2002 to Uganda Shillings 1.12 billion (US\$ 605,406) in June 2003. This represents a 70% increase.

Employment associated with SPEED's coffee activities is a total of 315 persons comprising of 168 males and 147 females. Of these 257 persons are employed by PSPs in the wet processing program while Ibero employs 58 persons, SPEED's partners in the natural sun-dried (Kiboko) coffee program. Employment figures are expected to increase even more when the wet mill stations become operational.

The number of registered outgrowers associated with SPEED's coffee activities increased by 3,438 (67%) during the first half of the year from 5,134 in December 2002 to 8,572 in June 2003. Of these 2,100 outgrowers are linked to the Ibero/SPEED Kiboko coffee program.

Of the registered outgrowers, 4,557 (53%) have been trained in harvest and post-harvest handling of coffee and in the case of the Kiboko program all the 2,100 farmers have received training in agronomic practices as well.

A total of 59 extension staff (9 for wet processing and 50 for Kiboko program) were trained in extension work.

Investment by PSPs in Wet Mill Stations as at end of June 2003

PSP	Civil Works	Equipment	Total UGS	Total US\$
WENWA	90,000,000	100,000,000	190,000,000	102,703
Mountain View Farm	90,000,000	100,000,000	190,000,000	102,703
Fourways Inv.	140,000,000	100,000,000	240,000,000	129,730
Busaanyi Agro Inv.	70,000,000	100,000,000	170,000,000	91,892
Savannah Comm.	100,000,000	100,000,000	200,000,000	108,108
Esco Uganda	30,000,000	-	30,000,000	16,216
Bugisu Pulperies	-	100,000,000	100,000,000	54,054
Total	520,000,000	600,000,000	1,120,000,000	605,406

Numbers Employed by PSPs

Private Sector Partners	Numbers Employed		Total
	Male	Female	
Wet Processing			
WENWA	4	3	7
Mountain View Farm	30	20	50
Fourways Investments	18	15	33
Busaanyi Agro Inv.	18	11	29
Savannah Commodities	6	3	9
Esco Uganda	43	85	128
Bugisu Pulperies	1	0	1
Sub Total	120	137	257
Ibero	48	10	58
Total	168	147	315

Increase in Number of Registered Outgrowers

Private Sector Partners	Number of Outgrowers	
	Dec 2002	June 2003
Wet Processing		
WENWA	1,000	2,000
Mountain View Farm	3,000	3,000
Nanga Farms	400	-
Fourways Investments	200	552
Busaanyi Agro Investments	200	200
Savannah Commodities	200	300
Esco Uganda	134	420
Bugisu Pulperies	-	-
Sub Total	5,134	6,472
Kiboko Program		
Ibero	-	2,100
Total	5,134	8,572

Nanga Farms that featured in the December 2002 report dropped out of the Program and was replaced by Bugisu Pulperies based in Mbale District.

The two programs (wet processing and Kiboko coffee), when fully implemented, will result in increased market opportunities for the local farmer outgrowers as well as the processors/exporters. Six out of the 8 PSPs are already coffee exporters. The other two PSPs, WENWA and Bugisu Pulperies will be linked to well established coffee exporters. The two have arabica coffee, which has a ready market.

Ibero/SPEED Kiboko Program

The Sustainable Quality Improvement Program (SQIP) or "Improve" Project for natural sun-dried coffee (Kiboko) being implemented by Ibero with SPEED's support focuses on proper harvesting and post-harvest handling of the coffee. Farmers are trained in how to pick only ripe red cherry. Further improvement in quality, resulted from drying the coffee off the ground mainly using tarpaulins/polythene sheeting/drying trays. The program involves 4,000 farmers i.e. 2,000 from each of the Districts of Masaka and Kamuli. The first phase of the program launched in Bigasa Subcounty, Masaka District in March this year, has been immensely successful. Notable successes are:

- 2,100 farmers recruited and trained in a relatively short time;
- An extension program established and 50 extension workers recruited and trained;
- Parishes in Bigasa have now organized farmer groups;
- District leaders have been mobilized in support of the project and are using Bigasa as a model subcounty in the government's effort to improve the quality of Ugandan coffee;
- The local community has been sensitized on the merits of the project and non-project farmers are already adopting best practices introduced by the project in a bid to join the Project next year;
- Project farmers have achieved a higher weight of beans per tree –estimated at 15%;
- Project farmers have earned a 25% premium for their coffee;
- Buying of farmers' coffee by Ibero is done in a more transparent manner than is usually the case with middlemen;
- Farmers' dependence on middlemen has been reduced
- Farmers have appreciated the benefits of the project and have expressed willingness to invest their own money to buy drying materials where the Project cannot supply enough;
- The program has great sustainability potential as the farmers and Ibero are in a win-win partnership.

Saran Agro Investment (SAI)

SAI is a privately owned enterprise based in Mukono District developing a tea plantation. In addition, it has a newly established tea-processing factory. In January 2002 SPEED commissioned a private BDS provider, selected from the SPEED database, to conduct a feasibility study for the development of SAI's tea plantation and the establishment of a tea-processing factory. The cost of the feasibility was shared between SAI and SPEED.

SAI has made progress in number of areas. About 400 acres of the tea plantation have been cleared and in full production and 140 persons are employed in the plantations. In addition, the company has established contacts with about 30 out-growers who supply green tea leaves. The construction of the tea factory is now completed and processing operations are in progress. About 80 persons are employed in the processing factory. Eighty tons of processed tea, valued at US\$ 58,000 was exported during six-month period from Jan to June 2003 by SAI through the auctions in Mombasa.

The total investment in the project is estimated at US\$1.2 million as at end of December 2002, of which US\$800,000 was mobilized through the investor's own funds and a loan of US\$400,000 from Bank of Baroda. Further, the promoter of the project from his own funds has invested an additional amount of about US\$ 20,000 on transport equipment in 2003. The total investment yields about US \$ 10,000 per month at present. The venture has provided employment to more than 200 persons and, in addition, provides a market for a number of small holders in the neighboring areas.

Southern Range Nyanza

Prior to the USAID Mission Director directive to abstain from supporting the textile sector, SPEED's Business Development Advisor facilitated a trip to Sri Lanka for the senior management of Southern Range Nyanza to visit and meet garment manufacturers and exporters in that country. Following this visit, Southern Range Nyanza recruited 20 to 30 qualified technicians who are now engaged in training the local skilled workers, in an effort to improve productivity expand the production capacity of garments for export. This objective was accomplished and the garments production unit of the company is employing about 400 persons and had increased the exports of garments from \$ 70,000 in 2002 to US\$ 200,000 during the period of January to June 2003, to USA under AGOA.

Key Activity 2: Develop Decision making Frameworks in selected sub sectors as a basis for identifying and exploring opportunities for leveraged interventions.

SPEED's BDS unit worked on two selected sub sectors, Commercial Fish Farming and Packaging, during the first six months of 2003.

Commercial Fish Farming sub sector

SPEED has continued to support the initiatives of private sector investors in the aquaculture sub sector by working through and with the Uganda Commercial Fish Farming Association (UCFFA). The objective is to develop a Strategic Development Plan (SDP) for the commercial fish farming sub sector in Uganda. The technical support provided to develop its SDP will help strengthen the capacity of UCFFA in its effort to increase the number of commercial ponds, production level, and the fish species to support the fish processing and exports capacity of Uganda. UCFFA has also developed scopes of work for domestic, regional, and international commercial viability/market development intelligence initiatives. These intelligence-gathering initiatives are based on recommendations developed by UCFFA and SPEED; and SPEED has facilitated the initiatives by providing local and international consultants. The fish farming sub sector has approximately 51 commercial ponds with a total acreage of 10.15 ha and a potential annual production of 508 tonnes and there are about 10 fish seed producers in the country.

Packaging sub sector

Packaging is a strategic and important sub sector in the economy because it affects almost every sector. It has strong backward and forward linkages with key sectors such as floriculture, grains, fish processing, fruits, and other strategic sectors. SPEED, working with Uganda Manufacturers Association (UMA) and Uganda Investment Authority (UIA), established a Packaging Sub-sector-Working Group (PSWG), the first of its kind in Uganda. UMA at present is working with SPEED and private sector partners to review the recommendations proposed in the 2002 packaging sector workshop in order to prepare a position paper, which will represent specific high priority constraints, and an action plan that will facilitate the development of the

sub sector. The PSWG will be supported by UMA, SPEED, and UIA. PSWG has requested SPEED to prepare the strategic decision making framework for the sub sector development.

SPEED continued to monitor the implementation of the proposed recommendations made during the packaging sub sector stakeholders workshop and by an IESC Volunteer Expert. Short-term technical assistance provided to four packaging enterprises by an IESC Volunteer Expert through GTN Uganda and SPEED support initiative yielded results. All the four companies expressed satisfaction with the advice provided by IESC Volunteer Expert, and have implemented 60% of the recommendations proposed.

Key Activity 3: Operate as an Incubator, Packager, and Broker of Market-Led, Subsector Activities

Working from within the framework of its Enterprise Development Support Model and experience in working with specific enterprise packages, SPEED will work with Land O' Lakes during the third quarter of this year to introduce enterprise linked extension programs for the dairy farmer associations' members similar to the very successful ELEP operating at NGCU and NBCC.

➤ KRA 2: Capacity to Support Sub Sector Business Growth Increased

Key Activity 1: Support Strengthening of Key Intermediary Consulting Group

During this period, SPEED continued to provide support to "The Consulting Group" (TCG) to develop its capacity to operate as an organized professional consultancy company. Support was provided through a PSFU Training of Trainers course, consultancy market opportunities were developed, and a strategic growth initiative was prepared.

With technical support from SPEED, TCG has implemented the following activities in order to position itself in the consultancy marketplace:

- Incorporated as a not for profit consultancy company (company limited by guarantee);
- Membership categories have been defined and a member fee policy for the different categories of members has been established;
- Implementation plan and descriptions of core practice areas and corporate development challenges put in place;
- Designed a Code of Ethics for member companies/associates;
- Acquired offices at Nile International Conference Center and established an e-mail address (tcggroup@yahoo.co.uk);
- Successfully carried out a study on domestic and regional commercial viability/market development intelligence studies for Uganda's commercial fish farming industry;
- TCG has provided successful training support to the PSFU second course series in Association Governance and Management 2003.

The following table shows the expanded market opportunities and performance of TCG member companies from January to June 2003.

Expanded Business Opportunities Created by TCG Member Companies

Member Companies	Number of Contracts		Jan-Mar 2003	April-June 2003
	Jan-Mar 03	April-June 03	Value (Shs.)	Value (Shs.)
8	20	95	302,000,000/=	2,107,516,000/=
Total	20	95	302,000,000/=	2,107,516,000/=

The table indicates a significant increase in consultancy business for the firms which make up TCG – an 83% increase in the number of contracts and an 87% increase in terms of revenue from one quarter to the next.

The expanded consultancy opportunities created by individual TCG members were in the following key areas: project evaluation, business planning, training, advisory services, proposal/constitution writing, accounting and auditing services, HIV/AIDS programs, financial restructuring, quality control, human resource management, strategic planning, funds tracking study, diagnostic studies, education capacity building and education development plans, and feasibility studies.

Types of clients that purchased the above services were NGOs, government departments, donor organizations, local governments, financial institutions, insurance companies, associations, microfinance institutions, donor-funded projects, and international and national private companies.

The expanded distribution of activities created by the individual member companies nationwide were in the districts of Kampala, Lira, Mbarara, Bushenyi, Apac, Masaka, Kabale, Rakai, Fortportal, Soroti, Mbale, Luwero, Mpigi, Mukono, Arua, Nebbi, Moyo, Yumbe and Jinja. TCG member companies have also delivered services and products to clients in other countries such as in Kenya and Tanzania.

SPEED provided technical support and/or training to TCG to: define and offer consultants training; develop certification program; integrate SPEED's consultants' roster, develop guidelines that will encourage other independent consulting firms to join the TCG, and improve their capacity to deliver PSFU Association Strengthening Course Series. The design of the first TCG Consultants Professional Skills Development Course Series have been rescheduled for the next half of the year 2003.

Key Activity 2: Support Regional Enterprise Growth on Commercially Sustainable Basis through MSME Consultancies

SPEED continued to provide technical assistance and guidance for improved profitability to two regionally based service providers, in Lira and Mbarara districts. The performance comparison for 2002 and 2003 for Lira and Mbarara based consulting firms is as follows:

Kulakula Management Consultants (KUMCO)

	Income (Ush.)	Contracts	Enterprises	Institutions	Trainees
July – Dec 2002	23,000,000	38	17	15	1549 (507 Female)
Jan – June 2003	35,256,600	11	4	7	262 (74 Female)

KUMCO delivered 11 fee-based consultancy services to different clients in the areas of business skills development training, community facilitation in HIV/AIDS programs, market information to local government institutions, and association development. Although the assignments completed reduced from 38 to 11 and the number of participants trained reduced from 1549 to 262, the income increased significantly, from 23,000,000/= to 35,256,600/= during the six month period. The highest income realized came from provision of technical support services to an HIV/AIDS control institution.

Mbarara Business Growth Centre (MBGC)

	Income (Ush.)	Contracts	Enterprises	Institutions	Trainees
July – Dec 2002	20,760,000	48	11	12	775 (468 Female)
Jan – June 2003	11,010,010	12	6	6	3,770 (2,111 Female)

MBGC in Mbarara carried out 12 fee-based consultancies during the first six months of 2003. The consultancies carried out were in the areas of customer care, marketing, enterprise advisory services, community development services, business planning, and management training and project evaluation. These activities benefited 3,770 persons including 2,111 women compared to 775 persons trained in the preceding period. The income reduced significantly, from 20,000,000/= to 11,000,000/= during the six month period, however, there are significant amounts of pending contracts valued at Uganda shillings 23,000,000/=, which will increase total income to about 34,000,000/= in the next few months.

Key Activity 3: Strengthen Capacity of Key Private Sector Intermediaries to Provide Market-Linked Business Services to Members

SPEED continued its institutional capacity building support to the following intermediaries:

- Private Sector Foundation - Uganda - (PSFU)
- Uganda Coffee Farmers Association – (UCFA)
- Uganda Commercial Fish Farmers Association - (UCFFA) and
- Uganda Fish Processors and Exporters Association - (UFPEA)

The performance of the intermediaries over the periods 2001, 2002, and 2003 is illustrated below:

Intermediary	Membership			Revenue		
	2001	2002	2003	2001	2002	2003 ³
PSFU	32	40	50	1,866,506,980	2,448,672,000	1,579,733,379
UCFA	06	25	60	33,020,000	50,406,360	25,200,000
UCFFA	0	20	20	0	300,000	75,000,000
UFPEA	10	10	10	50,000,000	480,000,000	255,000,000

Private Sector Foundation - Uganda (PSFU)

The Private Sector Foundation Uganda (PSFU), assisted by SPEED, is undergoing a transformation as it moves away from operating as a World Bank project to functioning as a well structured, responsive private sector institution. PSFU developed a Strategic Growth Initiative to guide its transformation from 2002 through 2006. The new PSFU Strategic Growth Initiative (SGI) was launched on 16 January 2003 at the Sheraton Hotel. More than 100 persons representing business associations, public sector, private business, consultants, and donors attended this function.

The PSFU has recognized that it must:

- Operate with a marketplace rather than donor-driven mentality;
- Design new programs that respond to member needs. For example, it has designed and initiated a series of courses, with SPEED support, through which it provides training to private sector organizations in aspects of organization governance and management;
- Embrace its role as the advocate for private sector-driven economic growth and to this end has published a Declaration of Private Sector Principles, a core set of operating principles;
- Realize its role as the spokes-organization for the entire private sector.

The Board of the PSFU has begun to deal with its governance challenges, looking at the ways in which they can shift from operating as a managing board to a governing board.

In addition, the PSFU is building a meaningful economic growth and policy program titled "Advocacy for Economic Growth", which aims at supporting PSFU's ability to transform into an organization capable of directing a meaningful private sector dialogue between the Ugandan private and public sectors on matters related to economic growth and competitiveness. PSFU began this effort during the last budget cycle by producing its first "Private Sector Platform for Economic Growth". PSFU is interested in establishing a National Competitiveness Council as an important step towards promoting private sector competitiveness.

ing the full fee based training course program.

The PSFU is implementing the Association Governance and Management course series this period. PSFU received a total revenue of Uganda Shillings 13,000,0000 from 8 course modules of PSFU Course series 2002. During the PSFU Course Series 2003 (June 03), which has been designed on a full fee basis, PSFU has already earned a gross income of 4,700,000/= from only

³ Revenue generation from Jan-June 2003

two modules and it expects to earn additional Uganda Shillings 21,000,000 after implementing the remaining 6 course modules.

During the next period, SPEED will continue to support PSFU to implement the association governance course series 2003; organize a Board governance workshop; prepare PSFU governance manuals for approval before the next Annual General Meeting in December 2003; prepare a road map for the establishment of the National Competitiveness Council; finalize and agree upon the approach to the Standards and Certification program; assess SGI implementation to date; and prepare the PSFU 2004 work plan.

Uganda Commercial Fish Farmers Association (UCFFA)

SPEED provided technical advice and assistance to UCFFA through the recruitment of an aquaculture consultant to provide technical assistance and training to four member farmers on construction and development of commercial scale fish farms including cage farming for tilapia, carp, ornamental fish, gold fish and catfish. In addition, the consultant is developing business plans for the 4 farms supported - NEL Fish project, BK Farm, Industrial Inputs Ltd, and Kitezi mixed farm located in the districts of Kampala, Wakiso and Mpigi.

During the next quarter, SPEED will work with UCFFA to review and finalize the local, regional, and international market studies completed by SPEED-contracted consultants, prepare a draft SDP, follow-up on the 4 fish farm

development plans, develop an action plan for the way forward, provide information to the APEP design team and define the parameters for and schedule a stakeholders' workshop.

Uganda Coffee Farmers Association (UCFA)

The UCFA has been an active participant in all of the PSFU-sponsored association workshops. SPEED and UCFA have actively worked together to transform UCFA and its member associations into a business organization that provides quality services to its member associations.

UCFFA Develops a Strategic Approach for Commercial Aquaculture in Uganda

- The UCFFA was formed in 2002, following training provided by SPEED on fish farming in Kampala and a follow-up farmer to farmer tour in Kenya;
- The association is now a registered business association with approximately 20 members;
- Board members have undergone training on the preparation of the Association Strategic Development Plan;
- UCFFA developed a framework for a market-driven approach to a competitive fish farming sub sector;
- UCFFA developed initiatives to collect commercial viability/market intelligence information for commercial aquaculture in East African region;
- Consultants carried out research on international, regional and local markets to support preparation of SDP;
- An MOU between SPEED and UCFFA was finalized that outlines the areas of cooperation;
- UCFFA recruited an aquaculture consultant from Kenya (cost-shared by SPEED) to provide STTA and training to four member companies (as a model farms) on construction and development of commercial scale pilot fish farms, hatcheries including cage farming for tilapia, carp, ornamental fish, and catfish;
- For the first time commercial scale fish farms have been constructed in accordance with the correct internationally recognized technical specifications and standards.
- Over 20 farmers have been trained on correct breeding practices of tilapia, cat fish and gold fish;
- Business plans for the 4 pilot farms (model farms)-NEL Fish project, BK Farm, Industrial Inputs Ltd, and Kitezi mixed farm located in the districts of Kampala, Wakiso and Mpigi are being developed with the technical assistance from the Kenyan based aquaculture consultant;
- Association strategic development plan is now being finalized;
- 50,000 fish fingerlings were sold (the first such sale) by one of the four pilot farms worth Uganda shillings 3,000,000.

UCFA has carried out the following activities with SPEED assistance:

- Designed a strategic planning assessment survey tool and carried out a Strategic Needs Assessment Survey (SNAS) of its 60 member associations in the 4 regions of Uganda;
- Held two regional workshops to discuss the findings of the SNAS in Mbale and Masaka. In addition, two other regional workshops are planned in Bushenyi and Arua. The regional workshops are part of preparation for a national level sub sector strategic workshop for the new UCFA to be re-named in the near future "Uganda Coffee Farmers Business Organization".

UCFA has managed to define its challenges and collected useful sector information as illustrated below:

Region	Membership		# Associations	# Training Programs	
	Female	Men		Associations	UCFA
Eastern	745	2,137	22	137	49
Central	11,736	23,560	26	53	03
Western	346	1022	09	17	08
West Nile	4,122	1015	03	38	11
Total	16,949	27,734	60	245	71

The 60 UCFA member associations are comprised of 44,683 coffee farmers of whom 16,949 are women. The UCFA members associations have implemented 245 training programs through their own initiatives and UCFA provided 71 direct training programs to member associations.

In the next quarter, SPEED plans to support UCFA in the following areas:

- Review findings of SNAS;
- Prepare recommendations for updated Strategic Development Program (SDP);
- Hold one-day workshop with UCFA Board to define specific programs and parameters for the UCFA SDP, which will provide the organization with a guide for restructuring and fundraising;
- Assess results of the regional workshops and design and facilitate a national stakeholders workshop and ratify new directions;
- Consult with other sub sector stakeholders including traders and UCDA, among others on the proposed UCFA SDP and develop an action plan for the implementation of SDP.

Uganda Fish Processors and Exporters Association (UFPEA)

SPEED support for assisting UFPEA members achieve ISO 9001-2000 certification culminated in the awards of certificates to 8 member companies in March 2003.

UFPEA Achieves ISO 9001-2000 certification Status

- **Program:** Technical assistance provided to prepare eight fish processing and exporting companies for latest ISO standards – 9001-2000 completed.
- **Purpose of the Program:** Improve the international competitiveness and image of Uganda's fish processing industry and train the industry personnel in quality management practices
- **Duration of the program:** April 2002 to March 2003
- **Status of the industry before SPEED support:** Only 2 companies out of 10 had achieved ISO certification status – one with ISO 9002:1994 and another with ISO 9001-2000.
- **Status of the industry after SPEED support:** 9 out of 10 companies in operation in Uganda are certified: Greenfields Ltd, Gomba Fishing Industries Ltd, Marine and Agro export Processing Ltd, Byansi Fisheries Ltd, Hwan Sung Ltd, Uganda Fish Packers Ltd, Tropical Fish Industries Ltd, Masese Fish Packers Ltd and Uganda Marine Products Ltd.
- **Service Provider sub-contracted:** Total Quality Management Ltd, a Kampala based consultancy firm provided the training.
- **External Certification Body Contracted:** Bureau Veritas Quality International –BVQI-Nairobi, Kenya carried out external certification audit.
- **Program Implementation Process:** Pre-assessment of 8 companies, 9 quality management workshops for about 24 management personnel over a period of 9 months, development of quality management documentation, training of 29 quality auditors within the companies, internal pre-auditing by the local service provider and the external certification audit by international service provider.
- **Industry personnel trained:** 29 managers and auditors, and over 1,000 others. Training areas: Quality Policy of the company, Functional Quality Objectives, Quality Manual, Procedures and Instructions, Control documents, ISO related records and forms.
- **Significance of ISO to the industry:** ISO 9001-2000 certifies to buyers in Europe, the US and other countries that Uganda's exporters comply with the latest international standards at all levels of the supply, production, and marketing chains. It puts Uganda's fish exports on a competitive level with other fish exported to these markets by other certified exporters. It provides a competitive advantage for Uganda in the marketplace against those countries whose fish processors are not certified. Having ISO 9001-2000 certification in place is critical for Uganda to boost the quality image of Ugandan fish products in the local and export market.
- **Cost implications in the BDS market:** Intervention of UFPEA jointly with SPEED created competition among the local companies providing quality assurance programs and hence reductions in the costs of certification by 50% in the local market.
- **SPEED's role in the process:** Advising UFPEA on the importance of ISO 9001-2000; overseeing the competitive bidding and selection process that resulted in a decrease in the cost of ISO-9001-2000 certification in Uganda; cost-sharing the training and certification program; and keeping the training and certification process on schedule.
- **Post certification assessment:** The UFPEA member companies confirmed that as a result of the ISO Certification program, the companies have noticed a significant improvement in management efficiency at different levels, better quality control systems, improved record keeping and production practices, and increased productivity of the staff. In addition, the firms confirmed improved customer satisfaction as a result of better customer care.

Key Activity 4: Assist SO7 Projects and other Development Partners to Access Appropriate Service Providers

B4. Key activity 4: Assist SO7 projects and other development partners to access appropriate service providers.

SPEED continued to maintain the BDS consultants database and to facilitate access to information on BDS providers to other partners during the quarter. A draft directory of SPEED registered service providers has been prepared and a data collection form was designed to assist SPEED to collect information regarding expanded market opportunities created by other partners to SPEED registered BDS providers. The following table provides a summary of the movements of SPEED registered BDS providers in the database during the period:

No	Detail	Total	Firms	Indv.	SPEED	Others
	Jan-March 2003					
1	Total Number of BDS Applicants	288	169	119	288	0
2	Total Number of Short listed BDS Providers	210	137	73	210	0
3	Number of new applicants	02	02	00	02	0
4	Number of previous subcontracts in-progress	04	04	00	03	01
5	Total Number of Sub Contracts signed by SPEED registered providers	10	10	00	01	09
6	Total number of providers retrieved from the database or list of service providers	32	30	02	13	19
7	Total Number of RFPs Issued	09	09	00	08	01
	April-June 2003					
1	Total Number of BDS Applicants	291	170	121	291	0
2	Total Number of Short listed BDS Providers	213	138	75	213	0
3	Number of new applicants	03	01	02	03	0
4	Number of previous subcontracts in-progress	05	04	01	05	0
5	Total Number of Sub Contracts signed by SPEED registered providers	17	04	00	04	13
6	Total number of providers retrieved from the database or list of service providers	37	12	00	12	25
7	Total Number of RFPs Issued	34	09	00	09	25

During the period Jan-June 2003, 69 service providers were retrieved or identified from the short-list by SPEED and other development partners of which 25 were retrieved directly by the SPEED BDS unit and 44 others by development partners such as PSFU, UIA, BUDS-SSE, UFPEA and Land O'Lakes. 27 sub contracts were awarded to the SPEED registered consultants of which SPEED provided 5 and UIA, Stromme Foundation, Hima Cement, PSFU, UFPEA and Land O' Lakes awarded 22 sub contracts.

D. BUSINESS ENVIRONMENT

The SPEED business environment component is charged with providing direct assistance, advocacy, capacity strengthening in business policy; facilitating and coordinating efforts by the GOU and other donors; and maintaining flexibility to intervene and address policy issues on an as-needed basis within the public and private sectors. Component activities are coordinated with the GOU Commercial Justice Reform Program and are being implemented under a Strategic Objective Implementation Letter agreement between the GOU and USAID. The objective of these activities is to create a more business friendly environment that enhances the ability of MSMEs to obtain financing and become engines of growth in the economy. The following indicators are designed for this component:

Exhibit 4: Business Environment Indicators

Indicator	Unit	Baseline	Jan – Dec 02	Jan-Jun-03
PIR 3.1: Reduction in time for company registry use	Days	3	N/A	N/A
PIR 3.2: Reduction in time for land registry use	Days	15	N/A	N/A
PIR 3.3: Increase in number of disputes/cases resolved by CADER	No.	27	33	23

Activities of the Business Environment component are focused on the rehabilitation of Uganda's primary commercial registries (companies registry and land registry); the facilitation of alternate dispute resolution processes to resolve commercial disputes; support for the Center for

Arbitration and Dispute Resolution (CADER), and assisting the Ministry of Finance, Planning and Economic Affairs Private Sector Development Unit with developing policies that will benefit the MSME sector.

Although activities at the commercial registries have been delayed, the Project believes that indicators will be met. Activities at the commercial registries focus on improving the document management and archive for documents residing in the registries, including the purchase and installation of custom archival quality shelving for filed materials and the purchase of over 200,000 new file covers. Further, SPEED is working with its counterpart to develop new procedures, manuals and modern organizational charts for each registry to facilitate services delivery to clients while honoring internationally accepted standards of archiving and records management.

The Project has been extremely successful in building the capacity and professionalism of CADER however, while cases increased significantly in 2002 over base-line figures, they have dropped off in 2003. We had expected a boost in cases with the implementation of the Mediation Pilot Project, however, the judiciary has significantly delayed its implementation. When SPEED funding concludes at the end of 2003, CADER will not be financially self-sufficient and this issue, as well as the long term viability of CADER must be urgently addressed as outlined below.

SPEED's work with the land registry is significantly behind schedule due to GOU failures as described below.

➤ **KRA: Financial and Business Environment Improved**

Key Activity 1: Complete SPEED Support to CADER and the Land and Company Registries

Notwithstanding challenges related to, among other things, coordination with and among GOU entities, SPEED is on track to successfully complete most activities in the SOIL No. 28 and its work plans by December 31, 2003.

Companies Registry

SPEED is ahead of schedule with respect to the physical rehabilitation of company registry files. This has led to a backlog relating to data entry of information because data entry contract staff have been engaged in the file rehabilitation effort, however, the backlog is scheduled to be reduced by September 2003 and Company Registry file rehabilitation activities will be completed on time.

SPEED's rehabilitation of files of at the Company Registry is ahead of schedule. Approximately 80% of the registry's files have already been rehabilitated. Once the data relating to the files have been entered into the file index database, the RGD will have complete access and control of its file documents.

SPEED IT procurement activities have been delayed pending finalization of GOU plans for the Registrar General's Department (RGD) and its procurement for the RGD in order to avoid inefficiency and duplication of activities.

SPEED finalized an IT based work control system named "Work Tracker" that will provide management with accurate and current information relating to registry workflow and levels of service. Work Tracker uses the "Trim" database software purchased for the registry by SPEED and

automatically issues a customer receipt with a unique instrument number that can be used to follow processing of customer requests. The Work Tracker also notifies the public of the officers assigned to a work request and a return advice date when work will be completed. As a result the work process is being made transparent and the customer perception of service should increase positively. The Work Tracker allocates work automatically on a random basis eliminating the personal contact basis upon which work is currently being received by the RGD staff.

Training and implementation of Work Tracker is scheduled for September 2003. The Work Tracker will provide the RGD with information related to processing time of registry work requests but will also give accountability to actual request processing and serve to reduce the high level of corruption at the registry. A series of posters have been produced to enable the public understand the revised work process.

SPEED activities include the application of IT to the RGD's correspondence system with a view toward tracking and standardization of RGD correspondence. Further, SPEED is working on updating and reprinting an adequate supply of registry forms. Current forms date back to the 1960's and refer to legislation no longer in effect and are only obtainable at a single private bookshop.

Notwithstanding SPEED success, its activities have been negatively impacted by the factors that have existed and been reported throughout the project. For example, the GOU has consistently failed to appoint a permanent professional manager to head the RGD. Current management at the RGD has proved to be ineffective and unable to inspire cooperation by RGD staff relating to the reforms set by the GOU in the SOIL No. 28. In addition, management has not taken steps to effectively reduce the level of corruption that has plagued it. Public integrity failures at the RGD were recently highlighted in the Porter Commission Report on the Congo.

Further, the GOU has consistently failed to communicate or adequately coordinate its activities with the Project. For example, in March 2003, SPEED was requested by the JLOS Commercial Law Sub-Committee to change the deliverable in SOIL no. 28 with respect to transformation of the RGD from transforming the RGD to an "executive agency" to transforming the RGD to a "statutory corporation" named the Registration Services Bureau pursuant to the Registration Services Bureau Act of 1998.

In early July, SPEED learned that the GOU had constituted the Administrative Reform Group comprised of the Ministry of Justice and Constitutional Affairs (MJCA) and the Ministry of Public Service. The ARG was formed to transform the RGD to the RSB. SPEED requested a meeting with MJCA Under-Secretary to learn what it could do about the ARG and its plans. At the meeting the Under-Secretary informed SPEED that the ARG was developing a proposal for transformation of the RGD. SPEED provided the ARG through the Under-Secretary with a copy of its organizational model, staff chart, qualifications, and job descriptions.

In mid-July SPEED became aware of a funding (budget) proposal for the RGD that was developed without any consultations with the Project.

The impact of SPEED interventions at the RGD has also been negatively affected by the failure of the RGD staff and the Ag. Registrar General to take any ownership or responsibility for results. For example, RGD staff have failed to meaningfully participate in quality control measures related to file rehabilitation and indexing.

Most recently, SPEED senior management has been unable to secure a meeting with senior management in the Ministry of Justice since April 2003. Further, SPEED has been attempting to change registry payment procedures implemented unilaterally by URA since the start of SPEED's work which add 4 to 7 days on the processing times at the RGD.

Center for Arbitration and Dispute Resolution (CADER)

Activities related to support of CADER are scheduled to end December 31, 2003. SPEED has successfully implemented its work plan. CADER is a much stronger institution than it was prior to SPEED interventions and it stands ready to implement and administer the Commercial Court Mediation Pilot Project when the Ugandan Judiciary approves it.

In March 2003 CADER increased its professional staff to accommodate its administration of the Commercial Court Mediation Pilot. These activities increased CADER's monthly fixed overhead costs. Further, CADER's Case Tracker system that tracks progress of active matters was improved in anticipation of the Pilot.

Success has been limited by, among other things, the inability of the Ugandan Judiciary to obtain administrative approval for implementation of the Pilot Project, notwithstanding the fact that the design of the Pilot was completed over 9 months ago. Judicial difficulty in approving the Pilot does not relate to the substance or merits of the Pilot, but to inefficiency within the Judiciary and overall resistance to change among some judges. Failure to approve the Pilot has adversely affected CADER because it has been forced to absorb increased fixed staffing and other costs without any of the benefits of administering the Pilot.

SPEED obtained ideal office space for CADER located in the same building as the Commercial Court. This location is crucial to the success of the Commercial Court Mediation Pilot Project. Unfortunately, the Commercial Court in contravention of GOU undertakings in the SOIL No. 28 did not allocate suitable space for CADER when it changed its premises from Nakasero Road to Crusader House. This resulted in SPEED funding rental charges for CADER office space.

Commercial Court Mediation Pilot Project

The Ugandan Judiciary has approved the Commercial Court Mediation Pilot Project, in principle. At its May meeting, the Rules Committee approved sending draft civil procedure rule changes that authorize the Pilot Project to the First Parliamentary Counsel (FPC). The FPC will take the proposed rules and draft in the appropriate format and numbering. In a recent meeting, the Chief Justice of Uganda stated that he would implement the rules as soon as he receives them from the FPC.

In early March, SPEED met with the Chief Justice (CJ) of Uganda, the President of the Commercial Court, the USAID Deputy Mission Director, among others to discuss the Pilot. At that meeting the CJ indicated that judicial resistance to change combined with the judicial bureaucracy had held up approval, and he promised approval in 3 months.

SPEED financed a reprise of the highly successful series of CADER public awareness and marketing radio spots. The spots were updated and started airing at the rate of 4 per day in mid-July 2003. Analysis of CADER's 2002/2003 financial statements indicates that the radio spots had a beneficial effect bringing in new business.

The CADER private sector business model has not been successful. In SOIL No. 28 the GOU required that CADER operate as a self-sufficient private business entity while at the same time burdening it with significant public sector functions, such as rule making in the Arbitration and

Conciliation Act of 2000. The business model chosen by the GOU was inconsistent with the usual international model for institutions such as CADER. Generally, such institutions operate in the public sector with financial support provided by government, the judiciary, and then private bar and legal education sector.

Moreover, the GOU has not provided coordinated support for CADER. For example, although CADER created a state-of-the-art ADR training program, the Ministry of Water, Lands, and Environment (MWLE) has consistently refused to engage CADER to train the numerous members of Land Tribunals that are authorized to settle land disputes at the district level.

Although CADER exceeded its goals related to the number of matters completed in 2002, its financial results were poor. CADER only generated approximately 28% of the income projected for the year. CADER will not meet its case completion goals for 2003.

SPEED and CADER are working with potential international donors, including DANIDA, the World Bank, and the Irish Embassy to create a public sector funding model with a view toward donor funding of CADER's administration of the Pilot Project over the next 2 years.

Land Registry

SPEED activities at the Land Registry continue to be negatively effected by numerous issues related to the management of the MWLE. For example, the MWLE continued to have difficulty managing its procurement of necessary services and commodities. In May 2003, the MWLE completed procurement of the required computer hardware 13 months late.

Notwithstanding these challenges, SPEED hopes to initiate rehabilitation of land registry files by September 15, 2003. SPEED has scheduled a return of ILS consultants to train MWLE staff in the rehabilitation of land registry files and begin file rehabilitation activities. Areas of the MWLE where rehabilitation activities will occur have been cleared and renovated. MWLE staff have been trained in computers and the software used to index rehabilitated files. Required computer hardware has been purchased, networked, and the indexing software has been installed.

Considering that funding for rehabilitation activities at the Land Registry will end December 31, 2003, SPEED is ready with cost estimates and other information related to rehabilitation activities post December 31, 2003, to assist the GOU obtain funding for continuation of file rehabilitation. Notwithstanding SPEED offers to assist the MWLE develop a funding proposal, neither the CJRP nor the MWLE have availed themselves of our assistance.

Key Activity 2: Assist the Documents and Business Names Registries

SPEED has made good progress with its application of IT to the Documents and Business Names Registries. The software has been customized and a work plan created in partnership with the RGD for coding and entry of data into the index database. Coding contract staff have been engaged and are scheduled for training in late July, after which coding of data related to both registries will commence.

All activities related to the Documents and Business Names registries are on schedule and will be successfully completed by December 31, 2003.

Key Activity 3: Support Improvements in the Financial Environment

SPEED support to the Long-Term Debt Working Group has been very successful. The Working Group was recently credited with keeping GOU enactment of the necessary statutory framework for issuance of a medium term GOU bond “on track.” Further, “finance leasing” was reinstated as a priority at the MOFPED as a result of a recent Working Group meeting.

Recent activities of the Working Group have been focused on, among other things, the issuance of a GOU medium term bond and improving the interest rate environment in Uganda with a view towards reducing current rates and interest rate volatility. The Working Group recently met with the World Bank Senior Country Economist for Uganda with respect to this issue. A second extended meeting is scheduled for August.

The BE component continues to support the SME Finance component's activities with respect to finance leasing. The component recently met with senior consulting experts in the MoFPED relating to reforming Uganda's tax treatment of finance lease transaction with a view toward improving the business environment for new entrants into the sector. SPEED activities related to finance leasing have been negatively impacted by the inability of the MoFPED and URA to implement the policy determinations set forth in the Poverty Eradication Action Plan and Medium Term Competitive Strategy. The GOU is in the process of revising the PEAP, which may further delay action on SPEED's leasing initiatives.

Key Activity 4: Support development of Private Sector-Driven Financial Policy Platform

SPEED BE component in partnership with the BDS component provided significant support to the creation of a policy platform document by the PSFU for presentation to the Presidential Economic Committee. SPEED participated in the organization, drafting and editing of the policy white paper entitled “Private Sector Platform for Economic Growth” The policy white paper was drafted by the PSFU for the Committee with a view toward reflecting the needs of the private sector in the 2003/2004 national budget. The white paper was presented to the Committee at a meeting with PSFU in May 2003.

Key Activity 5: Integrate Policy Efforts and Interests of SO7 Partners into Financial and Business Environment Framework and into the Policy Efforts of PSFU

SPEED did not engage in any activities related to Key Activity 5 because USAID did not award contracts for U-TRADE, Prime West, or APEP during the reporting period.

E. PROGRAM MANAGEMENT

➤ KRA 1: Program Operations Coordinated and Enhanced

Program management remained an integral part of the SPEED project. Success of this fourth component can be measured against benchmarks established for the January 1 – June 30, 2003 performance period. They include:

- January – June 2003 workplan submitted to USAID by January 31, 2003
- July – December 2003 workplan submitted to USAID by June 30, 2003

- SPEED Bulletins published
- July – December 2002 semi-annual M&E report submitted
- Subcontract, grant, and financial agreement compliance with USAID regulations achieved

The project reached all five benchmarks. SPEED submitted the 2003 semi-annual project workplans to USAID. SPEED also published two issues (one on the MFI Performance Monitoring Tool and the other on adoption of ELDP as a tool for development and increased earnings to private cotton ginners) of the SPEED bulletin and distributed them to relevant stakeholders. The project continued to monitor field activities and to collect and analyze data through the established M&E system, prepared and submitted its third M&E report for the period ending December 31, 2002.

SPEED conducted an impact study of the project supported Enterprise Linked Development Program (ELDP) at Nyakatonzi Growers Cooperative Union (NGCU) and North Bukedi Cotton Company (NBCC). The study was intended to establish the impact of the ELDP approach amongst small farmers (effectiveness in increasing net incomes amongst small farmers) and on the enterprises.

The project computer systems were coordinated to ensure timely and continuous information sharing and to provide integrated services to SPEED staff and operations in the field.

➤ **KRA 2: Effective Project Management and Financial Administration Maintained**

To enable SPEED to function in an efficient and service-oriented environment, SPEED focused on maintaining its streamlined accounting, financial, and administrative systems. The project continued to monitor its financial and administrative systems, to ensure compliance with USAID and Chemonics International regulations and SPEED started on its second annual performance review cycle.

F. FINANCIAL MANAGEMENT

Grants

Based on the USAID approved grants manual, SPEED awarded another six new grants to eligible entities and continued to monitor implementation of the fifteen on-going grant activities.

During the quarter, SPEED made six grants to private sector partners to implement project designed enterprise linked extension programs under the cotton and coffee sub-sectors. Two grants went to private cotton ginning enterprises, while the other four went to private sector partners participating in the Uganda Coffee Development Authority (UCDA)/SPEED coffee program. The cotton and coffee programs are implemented through a combination of commodity and grant support.

Bon Holdings Limited and Dunavant Uganda Limited are replicating the ELDP model implemented by both Nyakatonzi Growers Cooperative Union and North Bukedi Cotton Company during the 2002 cotton season. The model captures extension service costs through sales of goods and services to users; develop farmer loyalty to service providers; and

establishes a larger and more dependable supply of raw material to the ginnery through increased production.

The program also involves establishment of demonstration plots and recruitment of extension workers for *each* of the participating farmers and fully developed programs operated by the companies through *market linkages* with their producers.

Grants to the four (Esco Uganda, Busaanyi Agro Investments, Fourways Investments and Savannah Commodities) coffee private sector partners are intended to assist them establish wet coffee processing facilities and out-grower schemes.

Project Financial Management

The project achieved the KRA benchmark – “Successful cash flow management and compliance with regulations and generally accepted accounting principles”.

Table 1 presents an update on expenditures on the SPEED project through June 30, 2003.

Table 1: SPEED expenditures through June 30, 2003

Item	Contract Budget	Invoiced through June 30, 2003	Contract Funds Remaining
Work Days Ordered	10,186,718	8,551,071	1,635,647
Other Direct Costs	8,666,096	6,859,659	1,806,437
G&A	399,299	328,886	70,413
Total	19,252,113	15,739,616	3,512,497

SPEED’s monthly expenditure rates are on target, and the project expects to carry out all remaining activities within budget requirements.

Table 2 presents an update on disbursement of grant funds to beneficiaries of the SPEED grants program.

Grantee	Grant Tracking Number	Grant Budget (US\$)	Total Disbursement at June 30, 2003	Funds Balance at June 30 '03	Grant Activity End Date
FINCA Uganda	SPEED-GP-001	243,353,000	194,563,816	48,789,184	11/30/2003
FOCCAS Uganda	SPEED-GP-002	6,729,800	-	6,729,800	12/01/2003
KASO Rural Development Trust	SPEED-GP-003	23,729,000	23,728,000	1,000	12/01/2003
PRIDE Uganda	SPEED-GP-004	152,251,000	152,251,000	-	12/01/2003
Faulu Uganda Ltd.	SPEED-GP-005	140,623,000	140,623,000	-	11/30/2003
Feed The Children Uganda (FTCYU)	SPEED-GP-006	36,490,000	28,574,943	7,915,057	12/01/2003
MED-Net	SPEED-GP-007	37,111,401	37,111,401	-	12/01/2003
Uganda Women's Finance Trust (UWFT)	SPEED-GP-008	171,304,000	145,813,520	25,490,480	12/01/2003
CADER	SPEED-GP-009	288,933,000	189,154,070	99,778,930	12/01/2003
Nyakatonzi Cooperative Union (NGCU)	SPEED-GP-010	157,500,000	142,166,850	15,333,150	11/30/2003
North Bukedi Cotton Company (NBCC)	SPEED-GP-011	91,812,500	37,528,000	54,682,500	11/30/2003
Uganda Microfinance Union (UMU)	SPEED-GP-012	307,620,000	86,130,000	221,490,000	11/30/2003
West Nile Women's Association (WENWA)	SPEED-GP-013	7,725,000	-	7,725,000	11/30/2003
Mountain View Farm	SPEED-GP-014	3,713,000	1,962,500	1,750,500	11/30/2003
Ibero (Uganda) Limited	SPEED-GP-015	264,120,000	209,250,000	54,870,000	11/30/2003
Bon Holdings Limited	SPEED-GP-016	30,815,000	8,335,000	22,480,000	11/30/2003
DUNAVANT	SPEED-GP-017	30,815,000	8,335,000	22,480,000	11/30/2003
Esco Uganda	SPEED-GP-018	3,713,000	-	3,713,000	11/30/2003
Fourways	SPEED-GP-019	11,688,000	-	11,688,000	11/30/2003
Busaanyi Agro Investments	SPEED-GP-020	7,388,000	-	7,388,000	11/30/2003
Savannah Commodities	SPEED-GP-021	7,388,000	-	7,338,000	11/30/2003

Table 2: Disbursement of grants as at June 30, 2003.
Chemonics International Inc.

Annex : Detailed Tables of Indicators

SO 1: Increased number of enterprises

Number of enterprises	Baseline	Dec-01	Jun-02	Dec-02	Jun-03
Number of BDS providers	235	244	267	280	287
Number of non-agricultural enterprises	3	4	4	3	2
Number of agribusiness enterprises	14	14	14	20	22
Number of microenterprises	140,262	175,427	177,334	183,616	192,929
Number other enterprises (outgrowers)	50,000	50,000	93,000	148,134	253,572
Total	190,514	225,689	270,619	332,053	446,812

SO 2: Increased employment generated as a result of SPEED interventions

Number of Individuals by Gender	Baseline			Dec 2001			Jun 2002			Dec 2002			Jun 2003		
	# Women	# Men	Total	# Women	# Men	Total	#Women	#Men	Total	#Women	#Men	Total	#Women	#Men	Total
Number of jobs in SPEED-assisted BDS providers	152	186	338	75	157	232	155	220	375	189	231	420	213	262	475
Number of jobs in SPEED-assisted FIs	374	552	926	384	543	927	566	718	1,284	622	775	1,397	590	680	1270
Number of microenterprise jobs added	269,318	257,727	527,045	N/A	N/A	N/A	N/A	N/A	N/A	337,393	335,487	672,880	354,506	352,503	707,008
Number of jobs in DCA loan recipient enterprises	829	1392	2,221	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	829	1392	2,221
Number of jobs in SPEED-assisted MFIs	387	409	796	443	427	870	487	433	920	521	510	1,031	540	536	1,076
Total	271,060	260,266	531,326							339,231	337,667	676,898	356,678	355,373	712,050

Number of Individuals by Gender	Dec 2000			Dec 2001			Dec 2002			Jun 2003		
	# Women	# Men	Total	# Women	# Men	Total	#Women	#Men	Total	#Women	#Men	Total
Number of jobs in SPEED-assisted non-agricultural enterprises	436	642	1,078	358	812	1,170	372	700	1,072	348	669	1,017
Number of jobs in SPEED-assisted agribusiness enterprises	959	2,346	3,305	599	1,462	2,061	797	2,218	3,015	1,149	2,473	3,622
Total	1395	2,988	4,383	957	2,274	3,231	1169	2,918	4,087	1,497	3,142	4,639

PIR 1.1: Increased sales in enterprises assisted

	Baseline			Jan -Jun 2003		
	Domestic	Export	Total	Domestic	Export	Total
Volume of sales in SPEED-assisted non-agricultural enterprises	12,831,215,167	813,830,220	13,645,045,387	22,625,876,600	701,699,000	23,327,575,600
Volume of sales in SPEED-assisted agribusiness enterprises	7,278,831,605	160,494,200,370	167,773,031,975	6,169,720,659	111,229,517,587	117,399,238,246
TOTAL	20,110,046,772	161,308,030,590	181,418,077,362	28,795,597,259	111,931,207,587	140,726,813,846

PIR 1.2: Number of Individuals with Enhanced Management Skills

Number of Individuals by Gender	Jun-Dec 2001			Jan-Jun 2002			Jul-Dec 2002			Jan-Jun 2003		
	# Women	# Men	Total	# Women	# Men	Total	# Women	# Men	Total	# Women	# Men	Total
Total	65	246	311	8,759	10,427	19,186	46,406	31,659	78,065	30,771	214,961	245,732

PIR 1.3: Number of business development consulting services purchased

Number of BDS purchased	Jun-Dec 2001	Jan-Jun 2002	Jul-Dec 2002	Jan-Jun 2003
Services purchased from BDS Providers by non-SPEED clients	38	52	51	19
Services purchased by SPEED-assisted non-agricultural enterprises	3	6	3	4
Services purchased by SPEED-assisted agribusiness enterprises	5	18	9	12
Total	46	76	63	35

PIR 1.4: Percentage of BDS users purchasing a second service

Percentage of Second BDS Purchase	Dec 2001	Jul-Dec 2002	Jan-Jun 2003		
	Percentage	Percentage	#Repeat Users	Total Users	Percentage
Services purchased from BDS Providers by non-SPEED clients	12%	6%	1	18	5.56%
Services purchased by SPEED-assisted non-agricultural enterprises	0%	33%	1	3	33.33%
Services purchased by SPEED-assisted agribusiness enterprises	0%	13%	0	12	0.00%
Total	10%	8%	2	33	6.06%

PIR 2.2: Number of clients of SPEED-assisted banks in rural areas

Number of Clients	Baseline	Dec-01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
Number of clients of SPEED-assisted MFIs in rural areas	126,232	167,188	170,242	183,424	196,388	70,156
Number of clients of SPEED-assisted banks in rural areas	199,160	222,978	232,657	257,588	280,646	81,486
Total	325,392	390,166	402,899	441,012	477,666	151,642

PIR 2.3: Increase in number of microenterprise savers

Branch Location	Baseline	Dec-01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
In Urban areas	49,860	55,219	64,946	77,335	83,680	33,820
In Rural areas	82,273	119,058	128,629	183,424	196,388	114,115
Total number of microenterprise savers	132,133	174,277	193,575	260,759	280,068	147,935

PIR 2.4: Increase in number of microenterprise borrowers

Branch Location	Baseline	Dec-01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
In Urban areas	37,087	44,546	47,885	54,438	59,220	22,133
In Rural areas	103,175	130,881	129,449	129,178	133,709	30,534
Total number of borrowers (women+men)	140,262	175,427	177,334	183,616	192,929	52,667

PIR 2.5: Increase in number of MM

Number of MM Loans	Baseline	Dec 01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
SME Finance	6,109	6,156	7,836	13,745	13,600	7,491
MFI	0	N/A	N/A	655	731	731
Total	6,109	6,156	7,836	14,400	14,331	8,222

PIR 2.6: Increase in volume of microenterprise savings

Branch Location	Baseline	Dec-01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
In Urban areas	5,221,715,877	6,226,434,296	5,460,300,506	8,242,694,687	7,948,777,847	2,727,061,970
In Rural areas	5,034,104,191	7,101,458,451	9,790,751,515	9,600,024,493	13,578,039,935	8,543,935,744
Increase in volume of microenterprise savings	10,255,820,068	13,327,892,747	15,251,052,021	17,842,719,180	21,526,817,782	11,270,997,714

PIR 2.7: Increase in outstanding loan balance of microenterprise loans

Branch Location	Baseline	Dec-01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
In Urban areas	7,167,769,862	11,712,467,235	13,805,626,781	16,502,346,466	16,051,093,352	8,883,323,490
In Rural areas	9,677,703,845	14,993,916,942	17,148,898,605	22,260,959,000	26,595,793,071	16,918,089,226
Increase in volume of loans secured by microenterprises	16,845,473,707	26,706,384,177	30,954,525,386	38,763,305,466	42,646,886,423	25,801,412,716

PIR 2.8: Increase in volume of MM loans

Volume of MM Loans	Baseline	Dec 01	Jun-02	Dec-02	Jun-03	Increase (from baseline)
SME Finance	69,000,000,000	70,429,593,738	86,195,628,530	166,095,767,637	183,484,293,794	114,484,293,794
MFI	0	N/A	N/A	3,087,339,051	4,540,550,600	4,540,550,600
Total	69,000,000,000	70,429,593,738	86,195,628,530	169,183,106,688	188,024,844,394	119,024,844,394

PIR 2.9: Increase in amount of direct investment

	Baseline		Jun-02		Dec-02		Jun-03		Increase	
	Local (Ush)	Foreign (US \$)	Local (Ush)	Foreign (US \$)						
Increased Direct Investment										
Agri & Non Agribusiness	23,898,260,000	3,730,769	23,404,600,000	3,600,000	22,809,435,000	5,111,000	27,013,000,000	4,191,769	3,114,740,000	461,000
Direct Investment (Fish)	13,810,000,000	15,476,516	16,550,000,000	19,000,000	22,467,000,000	20,500,000	24,708,460,000	22,550,000	10,898,460,000	7,073,484
Total	37,708,260,000	19,207,285	39,954,600,000	22,600,000	45,276,435,000	25,611,000	51,721,460,000	26,741,769	14,013,200,000	7,534,484

ENTERPRISE DEVELOPMENT SALES (Uganda Shillings)

NON-AGRI BUSINESS	Start of SPEED Intervention	Baseline			Jan-Dec 2002			Jan-Jun 2003		
		Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Southern Range Nyanza Ltd	March 02	12,730,511,202	640,985,220	13,371,496,422	13,500,000,000	600,000,000	14,100,000,000	8,069,531,000	701,699,000	8,771,230,000
Africa Polysack Industries	Jan. 02	100,703,965	172,845,000	273,548,965	1,515,197,923	322,619,804	1,837,817,727	14,556,345,600	-	14,556,345,600
Total		12,831,215,167	813,830,220	13,645,045,387	15,015,197,923	922,619,804	15,937,817,727	22,625,876,600	701,699,000	23,327,575,600

AGRI- BUSINESS	Start of SPEED Intervention	Baseline			Jan-Dec 2002			Jan-Jun 2003		
		Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
AGRI- BUSINESS										
Nyakatonzi	March 02	294,273,690	2,401,921,596	2,696,195,286	3,256,116,666	7,113,525,095	10,369,641,761	505,744,330	2,887,238,124	3,392,982,454
North Bukedi	May 02	184,670,331	56,016,876	240,687,207	800,000,000	7,000,000,000	7,800,000,000	800,000,000	2,000,000,000	2,800,000,000
BON Holdings	April 03	652,165,879	2,334,451,144	2,986,617,023				525,312,800	3,229,942,176	3,755,254,976
Dunavant	April 03							15,709,554	2,440,247,976	2,455,957,530
Total		1,131,109,900	4,792,389,616	5,923,499,516	4,056,116,666	14,113,525,095	18,169,641,761	1,846,766,684	10,557,428,276	12,404,194,960

GROSS SALES REVENUE FOR FISH PROCESSORS AND EXPORTERS (Uganda Shillings)

Enterprise	2000	2001			2002		
	JAN-DEC 2000	JANUARY- DECEMBER 2001			JANUARY – DECEMBER 2002		
	Total	Domestic	Export	Annual Total	Domestic	Export	Annual Total
Byansi Fishing Inudtries Limited	2,315,181,405	201,287,225	6,359,660,390	6,560,947,615	278,883,525	7,033,870,803	7,312,754,328
Masese Fish Packers Limited	0	197,344,981	1,775,440,313	1,972,785,294	0	3,160,000,000	3,160,000,000
Uganda Fish Packers Limited	13,337,388,448	2,466,356,762	33,599,665,653	36,066,022,415	2,448,482,483	30,481,436,779	32,929,919,262
Ugand Marine Products Limited	1,332,144,554	258,612,253	2,513,855,225	2,772,467,478	708,354,796	8,315,543,679	9,023,898,475
Greenfields Uganda Limited	6,715,297,988	1,027,345,674	10,628,837,835	11,656,183,509	900,000,000	11,000,000,000	11,900,000,000
Gomba Fishing Industries Limited	9,200,000,000	0	15,000,000,000	15,000,000,000	53,000,000	15,923,000,000	15,976,000,000
Marine & Agro Export Processing Ltd.	9,342,500,000	151,079,000	27,800,000,000	27,951,079,000	178,424,167	35,252,130,521	35,430,554,688
Hwan Sung Limited	9,035,305,861	0	21,700,830,322	21,700,830,322	979,500,000	45,750,000,000	46,729,500,000
Ngege Limited	16,484,412,000	659,997,000	15,528,805,000	16,188,802,000	698,638,692	16,413,124,106	17,111,762,798
Begumisa Enterprises	6,516,000,000	905,000,000	7,059,000,000	7,964,000,000	0	16,800,000,000	16,800,000,000
Total	74,278,230,256	5,867,022,895	141,966,094,738	147,833,117,633	6,245,283,663	190,129,105,888	196,374,389,551

Enterprise	2002			2002			2003		
	JANUARY-JUNE			JULY-DECEMBER			JANUARY-JUNE		
	Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Byansi Fishing Industries Limited	158,691,100	2,279,901,790	2,438,592,890	120,192,425	4,753,969,013	4,874,161,438	180,000,000	2,300,000,000	2,480,000,000
Masese Fish Packers Limited	0	0	0	0	3,160,000,000	3,160,000,000	545,867,070	4,734,438,153	5,280,305,223
Uganda Fish Packers Limited	978,482,483	15,271,436,779	16,249,919,262	1,470,000,000	15,210,000,000	16,680,000,000	0	13,808,388,000	13,808,388,000
Uganda Marine Products Limited	324,883,538	4,034,146,608	4,359,030,146	383,471,258	4,281,397,071	4,664,868,329	320,212,418	3,883,245,432	4,203,457,850
Greenfields Uganda Limited	496,055,647	5,765,954,400	6,262,010,047	403,944,353	5,234,045,600	11,900,000,000	665,634,237	6,069,218,549	6,734,852,786
Gomba Fishing Industries Limited	18,000,000	7,763,000,000	7,781,000,000	35,000,000	8,160,000,000	8,195,000,000	30,000,000	7,500,000,000	7,530,000,000
Marine & Agro Export Processing Ltd.	51,791,150	2,202,613,747	2,254,404,897	126,633,017	33,049,516,774	33,176,149,791	101,325,960	19,632,003,580	19,733,329,540
Hwan Sung Limited	480,000,000	21,700,000,000	22,180,000,000	499,500,000	24,050,000,000	24,549,500,000	260,000,000	11,600,000,000	11,860,000,000
Ngege Limited	306,801,641	7,624,919,032	7,931,720,673	391,837,051	8,788,205,074	9,180,042,125	417,564,290	10,669,408,978	11,086,973,268
Begumisa Enterprises	0	7,200,000,000	7,200,000,000	0	9,600,000,000	9,600,000,000	1,800,000,000	16,000,000,000	17,800,000,000
Total	2,814,705,559	73,841,972,356	76,656,677,915	3,926,633,751	122,053,087,932	119,717,711,636	4,320,603,975	96,196,702,692	100,517,306,667

ENTERPRISE DEVELOPMENT EMPLOYMENT FIGURES (By Gender)

NON AGRI-BUSINESS	Start of SPEED Intervention	Baseline			Jun-02			Dec-02			Jun-03		
		Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Southern Range Nyanza Ltd	Mar.02	408	600	1,008	500	578	1,078	335	635	970	306	569	875
Africa Polysack Industries	Jan. 02	28	42	70	36	46	82	37	65	102	42	100	42
Total		436	642	1,078	536	624	1,160	372	700	1072	348	669	917

AGRI-BUSINESS	Start of SPEED Intervention	Baseline			Jun-02			Dec-02			Jun-03		
		Female	Male	Total									
Nyakatonzi	March 02	3	27	30	28	3	31	15	105	120	4	30	34
North Bukedi	May 02	110	290	400	95	210	305	110	380	490	350	600	950
BON Holdings	April 03										1	38	39
Dunavant	April 03										0	35	35
Total		113	317	430	123	213	336	125	485	610	355	703	1,058

EMPLOYMENT FIGURES FOR WET MILLING COFFEE ENTERPRISES (By Gender)

AGRI-BUSINESS	Start of SPEED Intervention	Baseline			June 03		
		Female	Male	Total	Female	Male	Total
Ibero	March 03	0	0	0	0	52	52
Busaanyi Agro Inv.	May 03	0	0	0	0	1	1
Esco Uganda	April 03	0	0	0	0	1	1
Fourways Inv.	May 03	0	0	0	1	1	2
Mountain View Farm	July 02	0	0	0	1	1	2
Bugisu Pulperies		0	0	0	1	1	2
Savannah Comm.	May 03	0	0	0	1	1	2
WENWA	July02	0	0	0	1	1	2
Total		0	0	0	5	59	64

EMPLOYMENT FIGURES FOR FISH PROCESSORS AND EXPORTERS (By Gender)

Enterprise	2000			2001			2002			2003		
	JAN-DEC 2000			JAN-DEC 2001			JAN-DEC 2002			JAN-JUN 2003		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Byansi Fishing Industries Limited	50	70	120	50	70	120	130	150	280	51	58	109
Masese Fish Packers Limited	0	0	0	40	130	170	40	180	220	10	44	54
Uganda Fish Packers Limited	75	275	350	75	275	350	100	224	324	100	200	300
Uganda Marine Products Limited	23	58	81	28	69	97	46	102	148	52	96	148
Greenfields Uganda Limited	42	168	210	43	168	211	37	166	203	49	215	264
Gomba Fishing Industries Limited	66	268	334	66	268	334	80	110	190	96	223	319
Marine & Agro Export Processing Ltd.	76	434	510	88	486	574	88	377	465	48	336	384
Hwan Sung Limited	100	250	350	100	250	350	116	254	370	100	200	300
Ngege Limited	58	166	224	58	166	224	70	160	230	68	187	255
Begumisa Enterprises Limited	142	88	230	142	88	230	60	160	220	180	120	300
Total	632	1,777	2,409	690	1,970	2,660	767	1883	2650	754	1,679	2,433

